SENATE—*Tuesday, March 22, 1983*

(Legislative day of Monday, March 21, 1983)

The Senate met a 9:15 a.m., on the expiration of the recess, and was called to order by the Honorable DAVID DURENBERGER, a Senator from the State of Minnesota.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

When the righteous are in authority, the people rejoice; but when the wicked rule, the people groan.—Proverbs 29:2.

We hear this wisdom from the Bible, Sovereign Lord, and we pray that the leadership of our Nation will govern so that the people rejoice. In the sometimes confusion and contradiction of complicated and conflicting issues, save the Senators from simplistic solutions and grant them and their support staffs wisdom from above. Strengthen them against the temptation to expediency rather than principle. Give them the courage of their convictions when an unpopular decision must be made. May they treasure virtue and integrity which lead to righteous judgments in the confidence that the people will rejoice. In the name of Him who is Truth and Righteousness Incarnate. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., March 22, 1983.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable DAVID DURENBERGER, a Senator from the State of Minnesota, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. DURENBERGER thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

Mr. BAKER. I thank the Chair.

SENATE SCHEDULE

REALLOCATION OF SPECIAL ORDERS

Mr. BAKER. Mr. President, there are a series of special orders in favor of Senators this morning. The first is in favor of the distinguished Senator from Maine (Mr. COHEN) who has indicated to me that he has no requirement for that time this morning and wishes to transfer the time to the Senator from Alaska (Mr. MURKOWSKI).

I ask unanimous consent that that be done.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. Next, Mr. President, following on after the special order in favor of the Senator from Ohio (Mr. METZENBAUM), there are seven additional Senators who are favored with such orders, and according to the arrangement between those Senators, the aggregate time being eight special orders in total of 15 minutes each, such time should be transferred to the control of the distinguished Senator from Ohio (Mr. METZENBAUM).

I ask unanimous consent that that be done.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, after the expiration of the time allocated to the Senators on special orders, I ask unanimous consent that there be a period for the transaction of routine morning business in which Senators may speak for not more than 2 minutes each and which will extend not past the hour of 12 noon today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. Mr. President, under the order previously entered the Senate will stand in recess today from 12 noon until 2 p.m. in order to accommodate the requirements of Senators on both sides of the aisle to attend respective party caucuses.

Once again I remind those who may wonder about this procedure on Tuesdays that party caucuses are frequently the place at which issues are formulated, positions are established, and much of the unofficial work of the Senate is conducted. Therefore, it seems wise and prudent to provide a time for these weekly caucuses by recessing the Senate.

Mr. President, when the Senate resumes its session at 2 p.m. the pending business will be H.R. 1900, which is the social security package so-called, and the pending question will be the Dole amendment (No. 532) to the Melcher amendment (No. 531), as modified.

Mr. President, I hope we can finish the social security bill today. I am prepared to ask the Senate to remain late. I have not yet conferred, however, with the minority leader or with the managers of the bill, so I am not prepared to estimate the length of time the Senate will be in session today.

ADJOURNMENT RESOLUTION

Mr. President, I have asked the Speaker to originate an adjournment resolution for the Easter recess providing for an adjournment of the House and Senate over after today, or tomorrow, or the next day, or the day following that, depending upon how circumstances unfold and develop.

Assuming the House does pass such a resolution and it is received in the Senate it is not the intention of the leadership to call up that resolution, however, until the work of the Senate is completed as circumstances indicate we must complete it before the Easter recess.

Mr. President, I have no further need for my time under the standing order, and I am prepared to yield it to the control of the distinguished acting minority leader if he wishes.

Mr. President, I yield back the remainder of my time.

RECOGNITION OF THE ACTING MINORITY LEADER

The ACTING PRESIDENT pro tempore. The acting minority leader is recognized.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that that part of the minority leader's time which I do not use be reserved for his later use.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

UNIVERSITY OF WISCONSIN COURSE ON NUCLEAR WAR—A SMASH SUCCESS

Mr. PROXMIRE. Mr. President, last fall the University of Wisconsin at Madison provided a three-credit course—three times a week on "Perspectives on Nuclear War." In this re-

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lentless march that engages our Nation and the Soviet Union toward the death and destruction of civilization which a nuclear war would bring—this course—how it was given and how it was received—provided a fresh breeze of hope. Our best chance to prevent a nuclear war relies on public knowledge, public understanding, and public action to stop it. This University of Wisconsin course showed one remarkably effective way to do that. The course was so popular that the audience had to jam into the hall on a standing-room-only basis. In addition to the lectures, the reading assignments and the examinations, each student was required to develop a paper or a course-related subject. And here is where the course really bore fruit. Many students carried the course into nearby communities: A film and lecture at a nearby high school followed by a discussion. Some went to elementary schools or Scout troops.

Mr. President, the course has had a remarkable influence throughout the country as well as throughout Wisconsin. The University of Augusta in Maine asked for a syllabus. And talk about a geographical spread—the University of Hawaii did too.

The 39 lectures in the series included: Nuclear science and nuclear weapons, consequences of the use of nuclear weapons, visions and nightmares, paths toward war and paths toward peace.

Mr. President, I ask unanimous consent that an article in the March/April issue of the Wisconsin Alumnus describing this course in detail and entitled "Confronting Catastrophe" be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CONFRONTING CATASTROPHE: STUDENTS AND FACULTY TAKE A HARD LOOK AT A DARK FUTURE

(By Ann Boyer)

An interdisciplinary three-credit course, "Perspectives on Nuclear War" was taught here last fall. Three evenings a week, 250 people (Most were students, but others were admitted on an SRO basis) crowded a lecture hall in the Humanities Building to hear a series of experts speak on aspects of the arms race. Credit-enrollees ranged from freshmen to graduate students, majors encompassed fifty fields. Along with the usual reading assignments and examinations, each student had to write a paper or develop a course-related project. A popular form of the latter carried the impact of the course into nearby communities: some traveled to their former high schools to show a film and lead a discussion; others gave instruction in elementary schools or to scout troops.

Prof. Dick Ringler, the originator of the course, is something of a Renaissance man. Technically he's a member of the English department, but half of him has been on loan for the past fifteen years to the department of Scandinavian studies. He has large features and abundant ruddy hair—a look that suggests his own north-European ancestry. I interviewed him in his office in Van Hise Hall. His vigor fills the room. He hunched forward in the chair, his elbows resting on his knees: "My professional concern has been with the languages, literatures and cultures of northwestern Europe: England, Ireland, Scandinavia—during the Dark Ages," he says. "I've done a lot of traveling in these areas, looking at manuscripts and photographing ruins of monasteries. For the past twenty years I've been, in effect, living amid the ruins of the Roman Empire. This has made me conscious of the real fragility of civilization though it looks so solid. People say glibly 'If we had a nuclear war we'd be back in the Dark Ages.' I know what the Dark Ages were like! People were trying to pick up the few pieces of civilization that were left, and do something with them." It was partly this knowledge that set him thinking about the possibility of a new Dark Ages.

Related to this was his growing concern about America's role in the nuclear buildup. "About a year ago I asked myself what one can do. The answer seemed to be to work within my own profession." (This effort was not occurring in a vacuum. Partly as the outgrowth of a national symposium, "The Role of the Academy in Addressing the Issues of Nuclear War" a year ago in Washington, there has been a swelling of activity at universities and colleges nationwide, with a spate of new courses.) "But, to give a course on nuclear war, one needs to be an expert in practically everything."

Ringler had already gained considerable experience in coordinating team-taught interdisciplinary courses, including Scandinavian Studies 276 and a survey of Western monasticism offered by the Medieval Studies Program. Using a number of experts seemed to him a workable solution.

Late last winter he began drawing up an outline. "I did the conceptualizing out of my own concern. I wanted to make people look at the problem—there are increasing numbers of nuclear weapons and nobody seems to be able to do something about it. Governments can't seem to do much, they're frozen into adversarial positions. If something can't be done, eventually there's the possibility of disaster. People should know this, then they should decide for themselves whether anything can be done, what can be done, and whether they will do it.

"I wanted the students to be able to develop a new and sounder basis for judging what they read in the papers. And I hoped they'd gain new kinds of realizations about politics."

So, Ringler planned for a wide sweep of disciplines to be represented. The base core would come from history, political science and the hard sciences, but he felt there should be, as well, the outlook of poets, novelists, politicians, psychologists and religious figures.

He also wanted the course to be by and for the citizens of Wisconsin: almost all speakers were residents, and he hoped course materials might ultimately be disseminated statewide. ("Perspectives on Nuclear War" is, in fact, running currently over Wisconsin Public Radio on Mondays, Wednesdays and Fridays at 2 p.m. During the summer it will be repeated evenings on WHA and probably on the state FM network.)

The search for speakers led Ringler to, among other places, the Madison chapter of Physicians for Social Responsibility, an organization of which he is a lay member. Faculty acquaintances added suggestions for speakers in other fields. "I was open to new titles. I made an honest effort to have diverse points of view represented, including some I don't share.

"The thrust of the course is that nuclear war is a bad idea—if you want to call that position a political one," Ringler told the Capital Times, "but it does not advocate the nuclear weapons freeze or any other single solution." He allows that he may have achieved even better balance if he had included speakers from the military and/or the State Department, but, "I didn't really want students to leave this course thinking you could flip a coin about which of the viewpoints is better.

The thirty-nine-lecture series was eventually organized into six sections: Introduction, Nuclear Science and Nuclear Weapons, Consequences of the Use of Nuclear Weapons, Visions and Nightmares, Paths Towards War, and Paths Toward Peace.

The roster lived up to the prospectus: ". . . more than thirty UW faculty members and political and religious figures from Wisconsin approach the subject from a number of different points of view—scientific, medical and religious." Said James P. Gustafson MD, associate professor of psychiatry, in his "Psychological Resistances to Confronting Nuclear War":

Since no one can tolerate a feeling of helplessness for very long, many of us react to the catastrophic danger of nuclear war by looking away from the threat. We create feelings of security within ourselves through various mechanisms. By this "selective inattention" we can at least temporarily reduce the scope of the threat. Others of us learn all we can, in an effort to reduce our anxiety. But the more one knows about nuclear war and yet does nothing, the more helpless one feels. The way to break this cycle is to take some action with the support of others.

Professor John Dower of the history department gave two consecutive lectures. In the first, *"I tried to look through American eyes at the World War II decision process to drop the A-bomb: why we built it and what our options were. There was very little debate at the top level on whether it should be used."* Dower's second lecture looked at Hiroshima from the perspective of the Japanese victims. He examined portrayals of the bombing in drawings made by survivors many years later, illustrations in children's books and the Masuki Panels, the famous murals.

Fannie J. LeMoine, professor of classics and comparative literature, spoke on "Apocalyptic Fiction," Professor Stanley A. Temple of the department of wildlife ecology addressed the "Ecological Effects of Nuclear War," and Niels Ingwersen, professor of Scandinavian studies, spoke on "How Poets Imagine Nuclear War." George A. Wirz, auxiliary bishop of Madison, took "A Catholic Perspective" and Joseph Lehman, public affairs director of the U.S. Arms Control and Disarmament Agency, spoke on "An Administration Perspective."

Yuri Kapralov, from the Soviet Embassy, may have generated the most electricity. "Everybody was agog at the notion of having a real live Russian, especially one talking about this topic," said Ringler. "It's easy to think of Russians as 'the enemy'. We tend to depersonalize them."

To my husband, a history professor who attended his lecture, Kapralov's remarks were reasonable. He emphasized that the suffering the Russians had endured during World War II motivated them against another military involvement with the West.

The audience listened carefully. Students' questions were tough and sometimes skeptical, but they showed little hostility. Kaprolov fielded them, and judged them "more thoughtful and informed" than those from any other American audience he had met.

In retrospect, Ringler sees a high level of commitment in all of the speakers. "People invited to talk took the invitation seriously. They made an unusually strong effort to say something sound and coherent—even eloquent. There wasn't a sloppy, off-the-cuff presentation in the lot. (Now, as I listen to the lectures on radio, I'm more than ever convinced of their collective excellence.)"

The semester's final meeting was somewhat poignant. In order to suggest what mankind is capable of achieving, Ringler arranged a program at the Elvejem Museum of Art. Slides shown by Professor Frank Horlbeck of the art history department suggested the range of western art and architecture, from Viking ships through master painting to the Greek cliff monasteries. The Pro Arte Quartet played Mozart and Schubert.

The course has had a ripple effect. "I get letters once or twice a week from people at other universities," Ringler said. "The University of Hawaii asked us for a copy of the syllabus; so did the University of Maine at Augusta. That's quite a geographic spread! And we've had influence on courses being given elsewhere in the state. I've been in touch with people at the UWs in Eau Claire, Milwaukee, and Whitewater, and Carroll College in Waukesha. Courses like this should be introduced everywhere, and the sooner the better."

Students had varied reactions. Some said they found the course depressing or disturbing, but often simultaneously mentioned that it had increased their sense of urgency. For many it seemed to trigger a desire to learn more, to educate their friends. Some felt the urge to take up various forms of political activity. There were those who said their new concern with this issue would become the motivating force in their lives.

After the trauma of the Vietnam years on campus, the University administration might have been expected to treat such an "activist" new course with kid gloves. But such was not the case. Reaction to the topical and indeed somber curriculum by deans and University committees who reviewed it was wholly supportive. The only negative response Ringler encountered was "a sense of resistance I get from people who don't want to think about this issue."

GENOCIDE CONVENTION: TESTIMONY OF SURVIVORS OF THE HOLOCAUST

Mr. PROXMIRE. Mr. President, on May 2, 1979, Laurel Vlock, an award winning independent television producer, began filming a documentary on survivors of the Holocaust. Although she did not realize it at the time, the project that she was embarking upon that day would be one of the most important undertakings of her life.

Countless books, documentaries, and audiotapes already depict the dark era of the Holocaust, but Mrs. Vlock felt that only through actually seeing the survivors recounting their painful stories, could the audience begin to understand their horrifying experiences.

In a recent edition of the New Journal, a Yale University student publication, Editor Andy Court writes about his interviews with Mrs. Vlock and describes the emotional ordeal that she and her crew went through while filming the documentary. For each of them, the experience was a profoundly moving one. For example, one of the cameramen describes the uncomfortable job of removing the microphone from the subjects who were often soaked with tears and sweat when the taping stopped. Trying to make conversation with them was equally as difficult. After all, he points out, what can you possibly say to someone who has just admitted that they rode on cattle cars and ate human flesh to survive?

In one interview, survivor Leon Weinberg describes the intense hunger that consumed his life while in the concentration camp.

> The only thought in them days was hunger. When you're hungry, it gets to the point where you don't mind stealing from your own father. I would get up in the middle of the night and slice a piece of bread off my sister's ration.

Another survivor, Renee Hartman, describes her experiences at the age of 9, roaming around the streets of Bratislava, Czechoslovakia with her younger sister, after being separated from their parents. After 3 weeks they gave themselves up to the Gestapo who transported them to Bergen-Belsen Concentration Camp.

Once in the camp, Mrs. Hartman began to keep a diary on a roll of toilet paper that she had found. She remembers a soldier finding her journal during one of the searches, laughing at it, and commenting that she had a wonderful sense of humor. Mrs. Hartman, however, could not remember anything the least bit funny about her writing. Defiantly, she had told the soldier that he may have been able to take that roll from her, but he would never stop her from writing.

For Mrs. Vlock and her crew, watching Renee Hartman demonstrate with her hands how the German soldier unrolled this makeshift diary, was like watching her relive the event. When Mrs. Hartman finished her story, the entire crew was in tears.

Three years after the filming Mrs. Vlock won an Academy Award for the documentary, which she had named "Forever Yesterday." With this project, she felt as though she had made her most important contribution to society. Not only had her film provided many of those survivors with a new beginning and helped to give them a greater perspective over their experiences, but, more importantly, she felt that each testimony opened up new doors by uncovering details that could bring the rest of the world closer to an understanding of what the Holocaust was really like.

We should commend Mrs. Vlock and those survivors that she interviewed for their successful undertaking in the production of this film. I hope viewing this documentary will enhance our understanding of the horrors of that era and lead us to reaffirm our commitment to the prevention of future tragedies.

One way for the United States to demonstrate this commitment is by ratifying the Genocide Convention, a treaty that would declare the systematic destruction of any racial, ethnic, national, or religious group, a crime under international law. The Genocide Convention has been pending before the Senate since 1949, but the United States still refuses to become a party to the treaty. Every President since Harry Truman has pleaded with the Senate to act and we have failed to do it. Unfortunately, the need for such a treaty has not diminished since the Holocaust.

Let us prove to the world that we are committed in our actions, as well as our words, to the prevention of another Holocaust. I urge my colleagues to ratify the Genocide Convention immediately.

Mr. President, I yield to the distinguished Senator from Rhode Island whatever time he may desire.

Mr. CHAFEE. I thank the distinguished Senator from Wisconsin very much.

MEN EARN TWICE AS MUCH AS WOMEN

Mr. CHAFEE. Mr. President, the U.S. Census Bureau has reported that male high school graduates can expect lifetime earnings of a half a million dollars more than women. The gap is even wider for college graduates.

I wish to submit for the CONGRESSIONAL RECORD an article from USA Today concerning the U.S. Census Bureau's findings. I believe the facts released by the Census add evidence to the need for an equal rights amendment to the U.S. Constitution. Despite current laws against pay inequities, unfair treatment prevails.

In addition, I wish to include an article from the National Journal which states that cuts in student financial aid programs adversely affect the number of women attending college, more than such cuts affect men.

These facts cause me considerable regret. The gap between opportunities for men and women was beginning to shrink. But with fewer women attending college we may see a resulting decline in the status of women, and in their ability to compete for a fair shake in the marketplace. One result of decreased educational opportunities is that on average a woman will realize a loss of $1.6 million in earnings in her lifetime.

Mr. President, I ask unanimous consent that a copy of the article from USA Today of March 14 and the article from the National Journal of March 5, 1983, be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the USA Today, Mar. 14, 1983]

LIFETIME PAY FOR USA MEN TWICE WOMEN'S

(By Kathleen O'Dell)

Male high school graduates can expect lifetime earnings of $500,000 more than women, and the gap widens to $1.6 million if each has a college degree, the U.S. Census Bureau reported Sunday.

The findings:

Male high school graduates will out-earn women, $861,000 to $381,000.

The range for college graduate men is $1.19 million to $2.75 million; for women, $520,000 to $1.12 million.

While the census figures on lifetime earnings are "somewhat speculative in nature," says John Coder of the Census Bureau, they can show the added value of a high school diploma or college degree.

One reason for the gap, said feminist Betty Friedan:

"We're by no means more than halfway down the road to equality. Women have just begun to move into the ranks of the professions."

Says Phyllis Schlafly, president of the anti-Equal Rights Amendment Eagle Forum:

"The average woman has been in her present job only half as long as the average man. If you don't stay in the job, you're not going to earn as much as a man."

"Then there's the factor of how many hours they work. Most men will grab overtime hours. Most women avoid it if they possibly can," she said.

Coder said officials were concerned that "some people would look at the numbers and immediately assume the difference is due to discrimination," Not true, he says.

The figures are often used in lawsuits to determine future income of a person who was killed or injured.

[From the National Journal, Mar. 5, 1983]

COLLEGE SQUEEZE HITS WOMEN, PART-TIMERS

As student financial aid dollars dry up and hard times continue to beset the economy at large, women and part-timers appear to be suffering the most in higher education.

For the first time in seven years, the rate of growth for male enrollment in colleges and universities was greater than for women for the period from the fall of 1981 to the fall of 1982, according to preliminary estimates based on a survey of 1,314 colleges and universities by the National Center for Education Statistics. In fact, for women, enrollment was down.

In another reversal, which the report said might be related to high unemployment, part-time enrollment fell. From 1976–81, part-time enrollment grew faster than full-time enrollment.

In all, enrollment declined by less than 0.1 per cent to 12,358,216, the center estimates. Here are details:

	1981	1982	Change (percent)
Women:			
Full time	3,468,413	3,471,506	+0.1
Part time	2,928,203	2,902,499	−.9
Total	6,396,616	6,374,005	−.4
Men:			
Full time	3,712,827	3,731,521	+.5
Part time	2,262,219	2,252,690	−.4
Total	5,975,056	5,984,211	+.2

RECOGNITION OF SENATOR MURKOWSKI

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Alaska (Mr. MURKOWSKI) is recognized for not to exceed 15 minutes.

EXEMPTING NEWLY DISCOVERED OIL FROM THE WINDFALL PROFIT TAX—S. 464

Mr. MURKOWSKI. Mr. President, recently, I became a cosponsor of S. 464, which was introduced by the senior Senator from Louisiana, Senator LONG. This bill would exempt newly discovered oil from the windfall profit tax. New oil is currently taxed at a rate of 25 percent over its base price.

In the years since the Arab oil embargo, this country has been attempting to achieve energy independence. Never again should this country be held hostage by OPEC. As a member of the Energy Committee, I have been impressed with the steps that we have taken to achieve that energy independence. It is paradoxical, however, that we have structured the Tax Code to achieve the opposite result. Like any other business, people in the oil business will explore for and produce oil only if they can get a satisfactory return on their investment. The windfall profits tax on new oil has had the result of diminishing the return on developing new oil. Hence, oil that would otherwise be profitable to produce becomes unprofitable, and is left in the ground.

Mr. President, I submit that oil that is left in the ground, undeveloped, does nothing to further the energy security of this country. Yet this is actually occurring. The American Petroleum Institute estimates that a zero tax on new oil would result in increased production of 30,000 to 50,000 barrels of oil per day.

I can, from personal experience, attest to the positive effect that an exemption from the windfall profits tax can have on the discovery and production of new oil. In my own State of Alaska, most new oil is exempt from the windfall profits tax. Consequently, oil is produced that otherwise would remain in the ground. I know of at least one field containing over 1 billion barrels of recoverable oil, for which a windfall profits tax exemption played a major factor in the decision to go ahead with a production program.

Exploration for, and production from, new Alaskan fields is contingent upon exemptions from the windfall profits tax. Considering that Alaska is estimated by the U.S. Geological Survey to have 6.9 billion barrels of undiscovered recoverable oil, the importance of Alaskan oil production cannot be overstated. Alaska can and will make substantial contributions to this Nations' energy security, but those contributions are dependent upon favorable and stable Federal taxation policies.

The lessons of effect of Federal taxation policies in Alaska are equally applicable in the lower 48. If you want to encourage production of new oil, the best way to do so would be to exempt it from the windfall profit tax.

Mr. President, Senator Long's bill is particularly timely. World oil prices have recently declined, and it is predicted that they will decline further. This has had a negative effect upon domestic oil prices and consequently, domestic oil exploration. The number of drilling rigs actively being used to explore for oil has declined from 4,520 at the end of 1981, to 2,192 in February of this year. Although lower oil prices certainly have a positive impact upon most parts of the American economy, we must not let ourselves be lulled into a false sense of security. A new outbreak of violence in the volatile Middle East could easily turn the present oil glut into an oil shortage. We must continue to encourage the domestic oil industry to explore and produce oil, so that America's energy security is assured. Exempting newly discovered oil from the windfall profits tax will help provide that encouragement.

Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The acting assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECOGNITION OF SENATOR KENNEDY

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Massachusetts (Mr. KENNEDY) is recognized for not to exceed 15 minutes.

Mr. KENNEDY. I thank the Chair.

THE NATIONAL EDUCATION AND ECONOMIC DEVELOPMENT ACT OF 1983

Mr. KENNEDY. Mr. President, our public school system has entered the decade of the 1980's facing unprecedented challenges and opportunities, but it is also plagued by widespread criticism and public doubts. It is no secret that many in our Nation now question the ability of our public schools to provide an effective education for the next generation of Americans. I share many of these concerns—but I do not agree with the solution that some have proposed: To encourage broad segments of our society to abandon the public schools and to send their children instead to private schools.

That is simply a recipe for disaster. Our public schools are too vital to our national strength to be abandoned or downgraded. Instead, we must work more effectively to help the public school system to meet the demands and problems of an increasingly complex future. Congress has an important role to play in addressing these challenges. We must take the lead in forging a new national effort to restore excellence to our public schools.

Today, I am introducing legislation which I hope will be an important piece of this new program for public school excellence—a comprehensive national effort to upgrade the quality of math and science education. The National Education and Economic Development Act is designed to deal specifically with the challenges which new and rapid technological growth and change will place on our schools. Only in this way will America be able to maintain its competitive position in the world economy and create a sound industrial future.

We have heard and read a great deal during the last year about the failure of our schools to fulfill students' sophisticated mathematic, scientific, and technological needs. This challenge has been described in hearings before Senate and House committees, in major articles in newspapers and magazines, and in meetings in Washington and around the country. The dimensions of that challenge are enormous.

We have heard comparisons of the American education system and those of our political and economic competitors around the world—and America has not come out on top. Less than a third of our school districts require more than 1 year of math and science in high school. Millions of students take only the most basic of studies.

Yet in Japan, secondary school students take three natural science courses and four math courses. West German students have a single standard curriculum for all students and it has a greater proportion of math and science. The Soviet Union requires 4 years of chemistry, 5 of physics and 6 of biology. A compulsory 10-year curriculum of math ends with students learning calculus. And for each engineer graduated annually in the United States, West Germany graduates 1.4, Japan graduates 2.6 and the Soviet Union graduates 4.1.

Of course, we must look to these comparisons cautiously. Other countries and their educational systems differ markedly from ours. We take pride in a system which aims to educate all our citizens fully and equitably; the same cannot be said for many of these other systems. But these nations are making significant investments in training their next generation to cope with the future, and we cannot do less.

I am pleased that our colleagues in the House have recognized this problem and have passed legislation to address it. I am also heartened that a number of Senators have addressed this issue, and I look forward to working with them to fashion a measure that is adequate in both scope and funding to answer the need.

A few statistics illustrate the problem.

In 1981, 43 States reported a shortage of secondary school math teachers; 42 States a shortage of physics teachers; and 38 States a shortage of chemistry teachers.

During the 1970's, the number of student teachers in science suffered a threefold decline; the number in math a fourfold decline—and only half of those actually became teachers.

Over 10 percent of full-time college engineering faculty positions were unfilled in 1982.

The National Science Teachers Association reports that over half of the elementary schoolteachers received no undergraduate science training.

In 1981, 25 percent of all secondary math teachers had only temporary or emergency certificates and 50 percent of the new math and science teachers were similary uncertified.

Math and science courses in elementary and middle schools are simplistic at best, leaving students to face the complexities of these subjects in high school and college without adequate preparation.

Science and math courses around the country were operating with obsolete equipment in need of maintenance—assuming that the equipment ever exists. As a result of budget cuts in 1981, 60 percent of the science courses had reductions in funds for equipment and supplies.

The result has been a two-decade decline in SAT math scores. From 1975 to 1980, remedial math enrollments in 4-year colleges and universities increased by 72 percent while total enrollment rose by only 7 percent. The most recent national assessment in student achievement showed that 65 percent of the students could do little more than simple computations and that 15 to 20 percent could not even do that. Similarly, a majority of the students did not perform acceptably on the science portion of the achievement tests. In virtually every age group, the percentage of student exhibiting the necessary math and science skills declined during the 1970's

These problems arise from many sources—teacher shortage, lack of teacher skills, outdated equipment, inadequate curriculums, and limited budgets. An adequate remedy must address all of these factors, and it will not be cheap.

My proposal calls for a $1.5 billion program in the first year. In fact, this amount may not even be enough. That is why my bill emphasizes the need for an assessment of the local problems and the development of a local response. We may discover, based on the results of the assessments, that the problem is even greater than we now expect.

Of course, the Federal Government will not bear the entire financial burden of this endeavor. My bill encourages States to contribute to the effort—both financially and administratively. It will also encourage local school districts to draw upon local community resources, such as business, libraries and museums. But we must recognize that this is a national problem. It requires a national effort, with Federal leadership and a significant influx of Federal money.

My proposal would distribute $1 billion to local and State education agencies to improve elementary and secondary education in math and science. The funds would be used for the training and retraining of teachers, the development and dissemination of innovative teaching materials, the acquisition of equipment, programs of outreach for minorities, women, and the handicapped, and cooperative ventures with local businesses, public agencies, and other community institutions.

An additional $100 million would be used to establish math and science centers in universities, colleges, community colleges and junior colleges. The centers would form a link between university researchers and local teachers by disseminating information to improve instruction in math and science. They would operate programs for gifted and talented students, and for students from underrepresented populations. They would become centers for math and science educators.

The Department of Education will also distribute $50 million to establish four national research institutes, to support regional centers for program evaluation, and to conduct pilot programs demonstrating innovational instructional methods, equipment and materials.

The National Science Foundation is given the important role under this bill of improving university programs in math, science and technology. Grants are authorized to improve undergraduate curriculum, to acquire instructional equipment, to establish collaborative programs with businesses and other local institutions and to retain and retrain university teaching personnel.

Taken together, these programs will launch a comprehensive effort to address the needs of students for math and science education in public elementary and secondary schools and in colleges and universities.

But we must not forget that the crisis in our public schools involves more than just a lack of effective math and science education. The system is plagued by too many dropouts and too many chronic absentees. Despite the positive impact of Federal programs like title I and bilingual education, many urban economically disadvantaged students still lack the basic skills necessary to become productive citizens in our society. Too often, the courses and skills available to students bear little relationship to the employment needs that the students will face. Finally, many parents and students have lost confidence in the public schools.

Any program to restore excellence to public schools must address these large problems, in addition to the needs of the technological future. After the Senate returns from its Easter recess, I intend to introduce additional legislation to meet these other critical needs.

America in the 1980's faces a dramatic challenge—from other nations and from the changing demands for our future. Our success in mastering that future depends upon our people. Our businesses cannot function without skilled workers or managers; our scientific knowledge will not expand without well-educated researchers; our military might is in danger without trained forces. Our future depends on the full realization of the talents of all our people. Now is the time for Congress to chart the path that will endow America with the citizenry that is essential for our Nation's economic future.

Mr. President, I send my bill to the desk and ask that it be appropriately referred.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred.

Mr. KENNEDY. Mr. President, I ask unanimous consent to have the bill printed in full in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 874

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Education and Economic Development Act of 1983".

STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this Act to establish a national effort to improve the quality of instruction in mathematics, science, and technology—

(1) by providing access to all students, male and female, of all ethnic, racial, and economic backgrounds, who are in public elementary and secondary schools, to quality instruction in mathematics, science and technology, including education in the use of computers; and

(2) by encouraging a collaboration between all levels of government (Federal, State, and local) and private businesses, institutions of higher education, public agencies (including museums and libraries), and other appropriate institutions and organizations in the community, designed to—

(A) identify emerging occupational needs;

(B) develop innovations and exemplary programs in the instruction of mathematics and science; and

(C) provide students with instruction in mathematics and science necessary to develop the skills appropriate to become productive workers and citizens in their community and in this Nation.

DEFINITIONS

SEC. 3. As used in this Act—

(1) the term "Director" means the Director of the National Science Foundation;

(2) the term "elementary school" has the same meaning given that term under section 198 (a)(7) of the Elementary and Secondary Education Act of 1965;

(3) the term "equipment" has the same meaning given that term by section 198 (a)(8) of the Elementary and Secondary Education Act of 1965;

(4) the term "Foundation" means the National Science Foundation;

(5) the term "Governor" means the chief executive of any State;

(6) the term "institution of higher education" has the same meaning given that term under section 1201 (a) of the Higher Education Act of 1965;

(7) the term "local educational agency" has the same meaning given that term under section 198(a) (10) of the Elementary and Secondary Education Act of 1965;

(8) the term "secondary school" has the same meaning given that term under section 198 (a)(7) of the Elementary and Secondary Education Act of 1965;

(9) the term "Secretary" means the Secretary of Education;

(10) the term "State" means each of the several States, the District of Columbia, and the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands; and

(11) the term "State educational agency" has the meaning given that term under section 198(a)(17) of the Elementary and Secondary Education Act of 1965.

TITLE I—GRANTS TO STATES FOR PLANNING, PROGRAM DEVELOPMENT, AND PROGRAM IMPROVEMENT IN MATHEMATICS AND SCIENCE INSTRUCTION

AUTHORIZATION OF APPROPRIATIONS

SEC. 101. (a) There are authorized to be appropriated to carry out part A of this title, relating to planning and program development for mathematics and science instruction in the elementary and secondary schools of the States, $400,000,000 for the fiscal year 1984 and such sums as may be necessary for each of the succeeding fiscal years ending prior to October 1, 1988.

(b) There are authorized to be appropriated to carry out part B of this title, relating to program improvement in mathematics and science instruction in the elementary and secondary schools of the States, $600,000,000 for the fiscal year 1984, and such sums as may be necessary for each of the succeeding fiscal years ending prior to October 1, 1988.

ALLOTMENT TO STATES

SEC. 102. (a)(1) From the sums appropriated to carry out parts A and B of this title in any fiscal year, the Secretary shall reserve—

(A) not to exceed 1 percent for payments to Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands, and

(B) 0.5 percent for payments for children enrolled in Indian schools,

to be alloted in accordance with their respective needs.

(2) From the remainder of the amount appropriated for each such part, the Secretary shall allot to each State an amount which bears the same ratio to the amount of such remainder as the school-age population of the State except that no State shall receive less than an amount equal to 0.5 percent of such remainder.

(b) For the purpose of this section—

(1) the term "school-age population" means the population aged 5 through 17; and

(2) the term "States" includes the fifty States, the District of Columbia, and the Commonwealth of Puerto Rico.

PART A—GRANTS FOR PLANNING AND PROGRAM DEVELOPMENT IN MATHEMATICS AND SCIENCE INSTRUCTION IN ELEMENTARY AND SECONDARY SCHOOLS

WITHIN STATE ALLOCATION

SEC. 111. (a) Not to exceed 25 percent of each State's allotment shall be available to the State educational agency for activities and programs designed to improve the quality of instruction in mathematics and science within the State at the State level in accordance with section 112(a).

(b)(1) The State educational agency shall allocate 70 percent of the remainder to the allotment of the State to local educational agencies within the State pursuant to a formula consisting of the relative number of children aged 5 to 17 residing within the school districts of such agencies.

(2) The State educational agency shall distribute 30 percent of the remainder of the allotment of the State based on the relative number of children aged 5 to 17 who—

(A) are from families below the poverty level as determined under section 111(c)(2)(A) of the Elementary and Secondary Education Act of 1965; and

(B) are from families above the poverty level as determined under section 111(c)(2)(B) of the Elementary and Secondary Education Act of 1965;

in the public schools of the local educational agencies within the State.

USES OF FUNDS

SEC. 112. (a) From the portion of the allotment available at the State level under section 111(a), the State education agency may use grant under this part for—

(1) the training of teaching, administrative and other appropriate personnel of

local educational agencies in the use of instructional equipment and materials, including computers and computer software;

(2) the training, retraining and improvement of skills of teaching and other appropriate personnel in course content and instructional methods relating to instruction in mathematics, science and technology, including education in the use of computers;

(3) in cooperation with institutions of higher education receiving grants under this Act, the development, acquisition, and dissemination of information evaluating instructional methods, equipment, and materials, including computers and computer software, and other resources or activities relating to instruction in mathematics, science and technology, including education in the use of computers;

(4) in cooperation with institutions of higher education receiving grants under this Act, the development of innovative methods and materials to improve instruction in mathematics, science and technology, including education in the use of computers, and to interest in and access to this instruction, with particular emphasis on those populations traditionally underrepresented in the study of these subjects, including girls and women, minorities, handicapped, limited-English proficient, the economically disadvantaged and migrant students;

(5) technical assistance where requested by the local educational agencies; and

(6) fiscal oversight of the programs of local educational agencies.

(b) From the portion of the allotment of the State distributed among local educational agencies within the State under section 111(b), grants under this part may be used for—

(1) the determination of the need within the local educational agency for instructional materials and equipment, including computers and computer software, for teacher training and retraining, for guidance and counseling, for the improvement of the curriculum and of instructional methods and for other programs to improve student achievement in the access to mathematics, science, technology and computer use;

(2) the assessment of the local resources of businesses, public agencies (including museums and libraries), institutions of higher education and other community institutions and organizations available to achieve the purposes of this Act and the development of plans to use these resources;

(3) the training of teaching, administrative, and other appropriate personnel in the use of instructional equipment and materials, including computer and computer software;

(4) the training, retraining, and improvement of skills of teaching personnel and other appropriate personnel in course content and instructional methods relating to instruction in mathematics, science and technology, including education in the use of computers; and

(5) the evaluation by an independent organization or institution of the effectiveness of local programs established pursuant to this section.

(c) The State educational agency is authorized to enter into contracts or grants with local educational agencies, intermediate school districts, institutions of higher education or other appropriate institutions and organizations to carry out its responsibilities under this Part.

(d) Funds may be used by the local educational agency in cooperation with other local educational agencies, the State educational agency, institutions of higher education, private businesses, public agencies and other appropriate institutions and organizations in the community, to carry out their responsibilities under this Part.

STATE SUBMISSION REQUIREMENTS

SEC. 113. (a) Each State which desires to receive assistance under this part shall submit to the Secretary a document which—

(1) designates the State educational agency as the State agency responsible for the administration and supervision of programs assisted under this part;

(2) provides assurances that the State will use grants made under this part—

(A) so as to supplement the level of funds that would, in the absence of such funds, be made available from non-Federal sources for the purposes of the program for which assistance is sought; and

(B) in no case to supplant such funds from such non-Federal sources; and

(3) provides assurances that the programs established under this part by the State educational agency will be administered by the State educational agency in cooperation with the local educational agencies within the State;

(4) provides assurances that the State will not expend more than 20 percent of the funds available to it under section 111(a) for administration and oversight activities;

(5) provides assurances that the State educational agency will furnish services necessary to local educational agencies within the State to carry out their responsibilities under this part;

(6) provides that the report filed by each local educational agency under this part shall not be rejected without notice and opportunity for a hearing before the State educational agency; and

(7) beginning with fiscal year 1985, provides for an annual evaluation of the effectiveness of State programs assisted under this part.

(b)(1) The document filed by the State under subsection (a) shall be for a period not to exceed three fiscal years and may be amended annually as may be necessary to reflect changes without filing a new document.

(2) The Secretary shall not reject the document submitted by the state educational agency without first affording notice and an opportunity for a hearing.

LOCAL REPORTS

SEC. 114. (a) A local educational agency shall receive payments under this part for any fiscal year in which it has on file with the State educational agency a report which—

(1) sets forth the general uses for which assistance is sought by the local educational agency;

(2) sets forth a description of the resources of private businesses, institutions of higher education, public agencies and other appropriate institutions and organizations in the community which are available to improve programs of instruction in mathematics, science, technology, and computer use, together with a description of the manner in which such resources have been and are being used to improve such instruction;

(3) provide assurances that funds paid under this part—

(A) will be so used as to supplement the level of funds that would, in the absence of such funds, be made available from non-Federal sources for the purpose of the program for which assistance is sought, and

(B) in no case as to supplant such funds from non-Federal sources;

(4) provide assurances that the other provisions of this part shall be met;

(5) agrees to keep such records and provide such information to the State educational agency as reasonably may be required for fiscal oversight consistent with the responsibilities of the State educational agency under this part; and

(6) provide assurances that the local educational agency will establish procedures for an independent evaluation of the effectiveness of programs assisted under this part.

(b) The report filed by a local educational agency under subsection (a) shall be for a period not to exceed three fiscal years and may be amended annually as may be necessary to reflect changes without filing a new report.

(c) The report filed by the local educational agency under this part shall be rejected by the State educational agency only where the report submitted is incomplete.

PAYMENTS; FEDERAL SHARE

SEC. 115. (a) From the amount allotted to each State pursuant to section 102, the Secretary shall, in accordance with provisions of this Act, pay to the State an amount equal to the Federal share of the cost of the program to be assisted under this part.

(b)(1) The Federal share for State activities shall be 50 percent with respect to—

(A) 40 percent of the amount made available under section 111(a) for the State activities for fiscal year 1985;

(B) 60 percent of the amount made available under section 111(a) for State activities for fiscal year 1986; and

(C) 80 percent of the amount made available under section 111(a) for State activities for fiscal year 1987 and for each fiscal year thereafter.

(2) The Federal share for the amount distributed to local educational agencies in accordance with section 111(b) shall be 100 percent.

(3) Non-Federal contributions may be in cash or in kind, fairly evaluated, including plant, equipment, and services.

WITHHOLDING

SEC. 116. Whenever the Secretary, after reasonable notice to any State and opportunity for hearing within the State, finds that there has been a failure to comply substantially with any provision set forth under sections 113 and 114 the Secretary shall notify the State that further payments will not be made under this title until the Secretary is satisfied that there is no longer any such failure to comply. Subject to the last sentence of this section, until the Secretary is so satisfied, no further payments shall be made under this title. The Secretary may authorize the continuance of payments with respect to any projects assisted under this Act which are being carried out by a State and which are not involved in noncompliance.

PART B—GRANTS FOR PROGRAM IMPROVEMENT IN MATHEMATICS AND SCIENCE INSTRUCTION IN ELEMENTARY AND SECONDARY SCHOOLS

WITHIN STATE ALLOCATION

SEC. 121. (a) The State educational agency shall allocate 95 percent of the allotment of the State under this part in accordance with subsection (b).

(b)(1) The State educational agency shall allot 60 percent of the amount available for allocation under subsection (a) to local educational agencies within the State pursuant to a formula consisting of the relative number of children aged 5 to 17 residing within the school districts of such agencies.

(2) The State educational agency shall distribute 40 percent of the amount available for allocation under subsection (a) to local educational agencies within the State based on the relative number of children aged 5 to 17 who—

(A) are from families below the poverty level as determined under section 111(c)(2)(A) of the Elementary and Secondary Education Act of 1965; and

(B) are from families above the poverty level as determined under section 111(c)(2)(B) of the Elementary and Secondary Education Act of 1965;

in the public schools of the local educational agencies within the State.

USES OF FUNDS

SEC. 122. (a) Grants under this part may be used for—

(1) the modernization and expansion of courses in mathematics, science, technology, and computer use;

(2) the establishment of programs (including programs of guidance and counseling) that promote student interest in and access to mathematics, science, technology, and computer use, with particular emphasis on those populations traditionally underrepresented in the study of these subjects, including girls and women, minorities, handicapped, limited-English proficient, the economically disadvantaged and migrant students;

(3) the establishment of cooperative programs with local businesses, institutions of higher education, public agencies (including museums and libraries) and other community institutions to engage in the shared use of equipment and materials (including computers and computer software), personnel and other resources to improve programs of instruction in mathematics, science and technology, including education in the use of computers;

(4) the acquisition and use of instructional equipment and materials, including computers and computer software, to improve programs of instruction in mathematics, science and technology, including education in the use of computers;

(5) minor construction and remodeling of facilities necessary for the effective use of instructional equipment or the implementation of programs assisted under this part;

(6) programs to recruit and retain teachers who will instruct in mathematics, science and technology, including education in the use of computers; and

(7) the evaluation by an independent organization or institution of the effectiveness of local programs supported pursuant to this section.

(b) Funds may be used by local educational agency in cooperation with other local educational agencies, the State educational agency, institutions of higher education, private businesses, public agencies, and other appropriate institutions and organizations in the community to carry out their responsibilities under this part.

STATE SUBMISSION REQUIREMENTS

SEC. 123. (a) Each State which desires to receive assistance under this part shall submit to the Secretary a document which—

(1) designates the State educational agency as the State agency responsible for the administration and supervision of programs assisted under this part;

(2) provides assurances that the State will use grants made under this part—

(A) so as to supplement the level of funds that would in the absence of such funds be made available from non-Federal sources for the purpose of the program for which assistance is sought; and

(B) in no case to supplement such funds from such non-Federal sources; and

(3) provides assurances that the State will not expend more than 5 percent of the allotment of the State for administrative expenses under the State application;

(4) provides that the report filed by each local educational agency under this part shall not be rejected without notice and an opportunity for a hearing before the State educational agency; and

(5) contains assurances that the State educational agency will comply with the other provisions of this part.

(b)(1) The document filed by the State under subsection (a) shall be for a period not to exceed three fiscal years and may be amended annually as may be necessary to reflect changes without filing a new document.

(2) The Secretary shall not reject the document submitted by the State educational agency without first affording notice and an opportunity for a hearing.

LOCAL REPORTS

SEC. 124. (a) A local educational agency shall receive payments under this part for any fiscal year in which it has on file with the State educational agency a report which—

(1) sets forth the general uses for which assistance is sought by the local educational agency;

(2) provides assurances that not more than 50 percent of the payments made to the local educational agency will be used for activities described in clause (4) and clause (5) of section 122 and not less than 10 percent of such payments will be made for the activity described in clause (2) of section 122;

(3) provide assurances that funds paid under this part—

(A) will be so used as to supplement the level of funds that would in the absence of such funds be made available from non-Federal sources for the purpose of the program for which assistance is sought; and

(B) in no case to supplant such funds from non-Federal sources;

(4) provide assurances that the other provisions of this part shall be met;

(5) agrees to keep such records and provide such information to the State educational agency as reasonably may be required for fiscal oversight consistent with the responsibilities of the State educational agency under this part; and

(6) provide assurances that the local educational agency will establish procedures for an independent evaluation of the effectiveness of programs assisted under this part.

(b) The report filed by a local educational agency under subsection (a) shall be for a period not to exceed three fiscal years and may be amended annually as may be necessary to reflect changes without filing a new report.

(c) The report filed by the local educational agency under this part shall be rejected by the State educational agency only where the report submitted is incomplete.

PAYMENTS

SEC. 125. From the amount allotted to each State pursuant to section 102, the Secretary shall, in accordance with the provisions of this Act, pay to the State an amount equal to the cost of the programs described in the document submitted pursuant to section 123.

WITHHOLDING

SEC. 126. Whenever the Secretary, after reasonable notice to any State and opportunity for hearing within the State, finds that there has been a failure to comply substantially with any provision set forth under section 123 and 124 the Secretary shall notify the State that further payments will not be made under this title until the Secretary is satisfied that there is no longer any such failure to comply. Subject to the last sentence of this section, until the Secretary is so satisfied, no further payments shall be made under this title. The Secretary may authorize the continuance of payments with respect to any projects assisted under this Act which are being carried out by a State and which are not involved in noncompliance.

TITLE II—GRANTS TO INSTITUTIONS OF HIGHER EDUCATION FOR MATHEMATIC AND SCIENCE CENTERS AND FOR RESEARCH IN THE FIELDS OF MATHEMATICS AND SCIENCE INSTRUCTION

PROGRAM AUTHORIZED; DISTRIBUTION OF FUNDS

Sec. 201. (a) The Secretary is authorized, in accordance with the provisions of this part, to make grants to institutions of higher education for the improvement of mathematics and science instruction, including technology and computer use for students and teachers in elementary and secondary schools.

(b) There are authorized to be appropriated $150,000,000 for the purpose of carrying out this title for the fiscal year 1984 and such sums as may be necessary for each of the succeeding fiscal years ending prior to October 1, 1988.

(c)(1) Two-thirds of the amounts appropriated pursuant to subsection (b) of this section for each fiscal year shall be available for grants for mathematics and science centers pursuant to section 202.

(2) One-third of the amount appropriated pursuant to subsection (b) for each fiscal year shall be available for grants for research, evaluation and pilot programs pursuant to secton 203.

MATHEMATICS AND SCIENCE CENTERS

Sec. 202. (a) The Secretary is authorized to make grants to institutions of higher education for the establishment and support of mathematics and science centers. Each such center shall carry out—

(1) educational programs in mathematics, science, technology, and computer use for students and teachers at the elementary and secondary levels;

(2) programs to identify, encourage, and instruct gifted and talented students in the fields of mathematics, science and technology;

(3) programs to identify, encourage, and instruct students from populations traditionally underrepresented in the fields of mathematics, science and technology, including girls and women, minorities, handicapped individuals, individuals with limited-English proficiency, economically disadvantaged students, and migrant students;

(4) programs to train teaching, administrative, and other personnel in instructional methods and materials and in the use of instructional equipment relating to instruction in mathematics, science and technology, including education in the use of computers;

(5) in cooperation with the States, programs to develop, acquire, and disseminate information evaluating instructional meth-

ods, equipment, and materials, including computers and computer software, and other resources or activities relating to instruction in mathematics, science and technology, including education in the use of computers;

(6) in cooperation with States, programs to disseminate innovative methods and materials designed to improve instruction in mathematics, science and technology, including education in the use of computers, and to increase student interest in and access to this instruction, with particular emphasis on those populations traditionally underrepresented in the study of these subjects, including girls and women, minorities, handicapped, limited-English proficient, the economically disadvantaged and migrant students;

(7) programs to share equipment, personnel, and other resources with local educational agencies; and

(8) cooperative programs with business concerns, public agencies (including museums and libraries) and other community institutions and organizations to share equipment, personnel and other resources.

(b) No grant may be made under this section unless the institution of higher education submits an application to the Secretary at such time, and containing or accompanied by such information as the Secretary may reasonably require. Each such application shall contain assurances that the mathematics and science centers established with assistance under this section—

(1) will be independent of any college or department of the institution of higher education;

(2) will be operated in cooperation with the appropriate local educational agencies in the community served by the institution of higher education; and

(3) will coordinate its activities with the State educational agency in the State in which the institution of higher education is located.

(c) Prior to approving applications under subsection (b), the Secretary shall establish criteria designed to achieve an equitable distribution of assistance, for the support of mathematics and science centers assisted under this section among the States.

(d) The grants shall be for a period of five fiscal years and shall be reviewed annually to ensure that the requirements of subsection (b) are met.

RESEARCH, PROGRAM EVALUATION, AND PILOT PROGRAMS

SEC. 203. (a)(1) The Secretary is authorized to make grants to institutions of higher education to establish and support four national research institutes.

(2) Each research institute receiving assistance under this subsection shall—

(A) develop innovative instructional methods and materials to improve instruction in mathematics, science, technology and computer use, and to increase student interest in and access to this instruction, with particular emphasis on those populations traditionally underrepresented in the study of these subjects, including girls and women, minorities, handicapped, limited-English proficient, the economically disadvantaged and migrant students;

(B) apply technological advances to improve instruction in mathematics, science and technology, including education in the use of computers; and

(C) in cooperation with mathematics and science centers established under section 202, disseminate information developed pursuant to programs assisted under this section.

(b) The Secretary is authorized to make grants to institutions of higher education to establish and support regional centers for program evaluation. Each regional center receiving assistance under this section shall—

(1) develop methods to evaluate programs established pursuant to this Act, in cooperation with other regional centers;

(2) disseminate information on such methods; and

(3) offer evaluation services to States, local education agencies, and institutions of higher education.

Whenever and evaluation of a local program is conducted by a regional center, the evaluation shall be deemed to comply with the requirements of section 114(a)(6) and section 124(a)(6).

(c) The Secretary is authorized to make grants to institutions of higher education to conduct pilot programs to demonstrate innovation equipment, methods, or materials which will improve instruction in mathematics, science, and technology, including education in the use of computers. Each institution of higher education shall coordinate its activities under this subsection with the national research institutes established pursuant to subsection (a) of this section and with the mathematices and science centers established under section 202.

(d) No grant may be made under this section unless an application is submitted to the Secretary by an institution of higher education at such time and containing or accompanied by such information as the Secretary may reasonably require.

OFFICE OF MATHEMATICS, SCIENCE, TECHNOLOGY, AND COMPUTER USE

SEC. 204 (a) There is established within the Department of Education an Office of Mathematics, Science, Technology, and Computer Use. The office shall be headed by a Director who shall be appointed by and with the advice and consent of the Senate.

(b) The Director shall perform such duties as the Secretary shall prescribe.

(c) Section 5316 of title 5, United States Code, is amended by adding at the end thereof the following:

"Director, Office of Mathematics, Science, Technology, and Computer Use. Department of Education.".

REPORTS

SEC. 205. On January 1 of 1985 and each year thereafter, the Secretary shall submit a report to the President and to the Congress on progress in improving the quality of and access to programs of instruction in mathematics, science and technology, including education in the use of computers, at the elementary, secondary, and postsecondary levels, with emphasis on examining progress resulting from programs assisted under this Act. Each such report shall contain—

(1) the number of students receiving instruction in mathematics, science and technology, including education in the use of computers, and their level of instruction;

(2) the achievement level of the students;

(3) the number of teachers trained to teach mathematics, science, technology, and computer use, the status of their certification and the number teaching in these areas at each grade level;

(4) the amount and type of equipment and materials acquired under this Act; and

(5) a description of the cooperative efforts established as a result of assistance furnished under this Act.

TITLE III—NATIONAL SCIENCE FOUNDATION GRANTS, FELLOWSHIP AND AWARDS

AUTHORIZATION OF APPROPRIATIONS

SEC. 301. (a) There are authorized to be appropriated $250,000,000 to carry out section 302 relating to grants to institutions of higher education for the improvement of undergraduate instructional programs and to improve undergraduate instructional equipment, and such sums as may be necessary for each of the succeeding fiscal years ending prior to October 1, 1988.

(b) There are authorized to be appropriated $100,000,000 to carry out the provisions of section 303 relating to graduate fellowships and section 304 relating to awards for training, awards for research, and awards for faculty, and such sums as may be necessary for each of the succeeding fiscal years ending prior to October 1, 1988.

GRANTS TO INSTITUTIONS OF HIGHER EDUCATION

SEC. 302. (a)(1) From 40 percent of the amount appropriated pursuant to section 301(a) for any fiscal year, the Director is authorized to make grants to institutions of higher education for undergraduate instruction in mathematics, science, technology, and computer competence.

(2) Grants awarded under this section may be used for—

(A) the application of state-of-the-art technology to improve undergraduate instructional methods, materials and curricula relating to mathematics, science, technology, and computer competence;

(B) the application of teaching and learning research concepts to improve undergraduate instructional methods, materials and curricula relating to mathematics, science, technology, and computer competence;

(C) the restructuring of undergraduate instructional methods, materials, and curricula relating to mathematics, science, technology, and computer competence to reflect the changing needs of undergraduate students; and

(D) the establishment of collaborative efforts between the institution and local businesses to develop improved programs of instruction in mathematics, science and technology, including education in the use of computers.

(b)(1) From 60 percent of the amount appropriated pursuant to section 301(a) for any fiscal year the Director shall make grants to institutions of higher education for equipment relating to undergraduate instruction in mathematics, science, technology, and computer competence.

(2) Grants under this section may be used for—

(A) the acquisition and installation of instructional equipment and materials relating to instruction in mathematics, science and technology, including education in the use of computers;

(B) the minor remodeling of facilities to accommodate equipment acquisition; and

(C) the establishment of collaborative efforts between the institution and local businesses to support the cooperative use of equipment, personnel, and other resources relating to instruction in mathematics, science and technology, including education in the use of computers.

(c) No grant may be made under this section unless an application is submitted to

the Director at such time, and containing or accompanied by such information as the Director may reasonably require.

GRADUATE FELLOWSHIPS

SEC. 303. (a) From 15 percent of the amount appropriated under section 301(b) for any fiscal year, the Secretary shall carry out the National Science Foundation Graduate Fellowship Program.

(b) Amounts available under subsection (a) of this section shall be in addition to any amounts available pursuant to the National Science Foundation Act of 1950.

AWARDS FOR TRAINING, RESEARCH, AND FACULTY

SEC. 304. (a)(1) From 15 percent of the amount appropriated pursuant to section 301(b) for any fiscal year, the Director shall make grants to institutions of higher education to establish and support training programs for participants in mathematics, science, technology, and computer competence. Training programs assisted under this section shall be designed to provide participants with improved skills as educators in the fields of mathematics, science, technology, and computer competence.

(2) No grant may be made under this subsection unless an application is submitted to the Director at such time, and containing or accompanied by such information as the Director may reasonably require. Each institution of higher education shall include in the application—

(A) procedures for the selection of individuals to participate in the training program supported by this subsection who have demonstrated potential to excel as educators in the field of Mathematics, science, technology, or computer competence; and

(B) assurances that efforts will be made to include members of populations traditionally underrepresented in these fields, including women, minorities, handicapped and economically disadvantaged.

(3) No grant to an institution of higher education may be made in excess of $150,000 in any fiscal year.

(b) (1) From 50 percent of the amount appropriated pursuant to section 301(b) for any fiscal year, the Director shall make awards to individuals who are faculty members of institutions of higher education in the fields of mathematics, science, technology, and engineering in order to permit such faculty members to establish a first research project.

(2) No award may be made under this paragraph unless the faculty member makes an application to the Director at such time, and containing or accompanied by such information as the Director may require. Each such application shall contain an assurance by the faculty member that the faculty member will teach full time undergraduate course of study during the period for which the award is made.

(3) No award may be made under this subsection in excess of $50,000 in any fiscal year.

(4) The Foundation shall include in the program authorized by this subsection members of populations traditionally underrepresented in these fields, including women, minorities, and the handicapped.

(C) (1) From 20 percent of the amount appropriated pursuant to section 301(b) the Director shall make grants to faculty members of institutions of higher education for—

(A) improving teaching skills;

(B) providing experience in new research techniques and advanced research discoveries; and

(C) familiarizing themselves with new instructional methods and materials,

in the areas of mathematics, science, technology, or computer competence.

(2)(A) No award may be made under clause (A) of paragraph (1) of this subsection in excess of $5,000 in any fiscal year. Each such award shall be for summer programs only.

(B) Each award made pursuant to clause (B) of paragraph (1) of this subsection may be made only to applicants whom the Director determines have been isolated from research institutions and centers for at least 6 years at the time of the application. Each such award shall be made for a period of not less than 6 months nor more than 1 year. Each such award shall not exceed the salary paid to the applicant at the time the application is made.

(C) Each award made under clause (C) of paragraph (1) of this subsection shall be for a period of not less than 6 months nor more than 1 year. The amount of the award shall not exceed the salary paid to the applicant at the time the application is made.

(3) No award may be made under this subsection unless an application is submitted to the Director at such time, and containing or accompanied by such information as the Director may reasonably require.

(4) The Foundation shall include in the program authorized by this subsection members of populations traditionally underrepresented in these fields, including women, minorities, and the handicapped.

Mr. KENNEDY. I yield whatever time remains to the minority leader and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The acting assistant legislative clerk proceeded to call the roll.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECOGNITION OF SENATOR METZENBAUM

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Ohio (Mr. METZENBAUM) is recognized for not to exceed 15 minutes, and the Senator has control of 2 hours for other Senators.

(Mr. HECHT assumed the chair.)

Mr. METZENBAUM. Mr. President, I have asked for 2 hours this morning so that I and a group of my colleagues may address themselves to the subject of the internment of Japanese Americans during World War II. To me, that subject calls to mind one of the greatest embarrassments of our Nation. Unfortunately, that embarrassment has truly never been a subject of sufficient debate, acknowledgement, or redress on the part of our Government.

The facts are well known.

During World War II, 120,000 Japanese Americans, 70 percent of whom were American citizens, were suddenly interned, relocated, and made prisoners for the duration of the war. That was so, notwithstanding the fact that not a single instance was ever documented of a Japanese American attempting to aid the enemy. Government claims of military necessity have been demolished by a generation of scholars.

As a consequence of those actions, the Commission on Wartime Relocation and Internment of Civilians was created and charged with reviewing this entire subject. In December 1982, the Commission issued a powerful, moving document entitled "Personal Justice Denied."

Mr. President, this Commission was composed of a very distinguished group of Americans.

Joan Z. Bernstein served as Chair with DANIEL E. LUNGREN as Vice Chair. Former Senator Edward W. Brooke served on the Commission, as did former Congressman Robert F. Drinan and former Supreme Court Justice Arthur Goldberg. The other members included Arthur S. Flemming, Ishmael V. Gromoff, William M. Marutani, and Hugh B. Mitchell.

After that report was published, in a moving and eloquent speech on the Senate floor on February 24, the distinguished junior Senator from Hawaii called upon his colleagues to review the findings of the Commission. I have done just that, Mr. President, and I fully agree with Senator MATSUNAGA that this account of a profound injustice inflicted upon Americans by Americans deserves the widest possible circulation.

Having said that, let me be candid with my colleagues. It embarrassed me and it bothered me that I, as a Member of the U.S. Senate, had not seen fit to speak out on this subject and that one of the two very distinguished Japanese Americans who serve in this body was the person to bring the subject to the attention of the Members of the Senate. In all fairness, it is my understanding that subsequent to his remarks, another colleague of ours, Senator PROXMIRE, added his voice, which is always on the side of fairness and equity, to that colloquy.

To me, however, that was not enough. I believe that the conduct of our Government toward persons who had done no wrong is unquestionably one of the most shameful incidents in the history of our great democracy. I felt it to be important therefore, that I and other Members of the Senate address ourselves to the subject and so asked the leadership to allocate 2 hours to us this morning in order that we might do so.

I want to point out, Mr. President, that some Senators who have indicated to me that they would like to be here are presently involved in impor-

tant committee hearings and have other matters of priority which make it impossible for them to be present. But before the morning concludes, I have no doubt that a number of other Senators will come to the floor to address this issue. Also, I will introduce into the RECORD statements that have been sent to me by Senator PAULA HAWKINS, Senator PAUL LAXALT, Senator ALAN DIXON, and Senator WILLIAM ARMSTRONG.

I think it is important that we discuss the facts.

On February 19, 1942, President Franklin Delano Roosevelt signed Executive Order 9066, which authorized the exclusion for security purposes of any and all persons from designated areas of the country. The result was the removal of approximately 120,000 Japanese Americans from the west coast to relocation centers, mainly in remote areas of the American West.

Let me read, for a moment, part of a story written in the Washington Post, dated Sunday, December 5, 1982, datelined Florin, Calif., by Fred Barbash.

FLORIN, CALIF.—Five months after Pearl Harbor, the U.S. Army posted this notice in the tightly knit Japanese American farming community here: "All persons of Japanese ancestry, both alien and non-alien, will be evacuated from the above area by 12 o'clock noon, PWT, Saturday, May 30, 1942."

The 2,500 Japanese Americans who comprised 70 percent of the population of the Florin area were herded onto trains guarded by soldiers carrying rifles with bayonets attached. They were to be scattered first to converted race tracks serving as "assembling centers," then to "relocation camps" where they would spend most of World War II behind barbed wire in pine and tar paper barracks.

The story goes on to state that:

About 120,000 Japanese Americans, 70 percent of whom were U.S. citizens, were uprooted along the coasts of California, Oregon and Washington and interned in 10 camps in remote areas of California, Arizona, Idaho, Wyoming, Colorado, Utah and Arkansas.

President Roosevelt's administration said they posed a danger to strategic airfields, factories and shipyards on the west coast. Yet not a single incident of a Japanese American attempting to aid the enemy was documented, and government claims of "military necessity" have since been demolished by a generation of scholars.

The U.S. government has never apologized for its actions nor made any redress to the victims, who lost homes, businesses, education and income.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks the entire Washington Post story.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. METZENBAUM. Mr. President, Congress supported and the Supreme Court upheld this policy that amounted to conviction without trial of an entire ethnic group.

Japanese Americans lost their homes, their jobs, and their businesses.

Our Nation was at war with Germany. German Americans did not lose their homes, their jobs, and their businesses. And, of course, they should not have.

We were at war with Italy. Italian Americans did not lose their homes, their jobs, or their businesses. And, of course, they should not have.

But the Japanese Americans were subjected to humiliation and confined by the thousands behind barbed wire and stigmatized without cause.

Why?

There can only be one reason and one answer. Let us call it what it is—purely and simply, it was racism. It was bigotry.

Yes, Mr. President, the Japanese Americans were treated differently—very differently—from their fellow citizens of German and Italian extraction.

In justifying excluding them from the west coast, General DeWitt, the officer in charge of west coast security, wrote that:

The Japanese are an enemy race and while many second- and third-generation Japanese born on U.S. soil, possessed of U.S. citizenship have become "Americanized," the racial strains are undiluted.

How did General DeWitt respond to the fact that there was not one single documented act of espionage, sabotage, or fifth-column activity attributed to any west coast Japanese American? "The very fact" he wrote, "that no sabotage has taken place to date is a disturbing and confirming indication that such action will be taken."

But General DeWitt's comments were mild in comparison with the words of Henry McLemore, a syndicated columnist for the Hearst Newspapers:

I know this is the melting pot of the world and all men are created equal and there must be no such thing as race or creed hatred, but do those things go when a country is fighting for its life? Not in my book. No country has ever won a war because of courtesy and I trust and pray we won't be the first because of the lovely, gracious spirit. . . .

I am for immediate removal of every Japanese on the West Coast to a point deep in the interior. I don't mean a nice part of the interior either. Herd'em up, pack'em off and give'em the inside room in the badlands. Let'em be pinched, hurt, hungry and dead up against it. . .

Personally, I hate the Japanese. And that goes for all of them.

I do not know what is on this man's conscience or, indeed, if the man still lives. But I say that his words and our actions are on my conscience and should be on the conscience of every American.

Let me read further what Columnist Westbrook Pegler had to say:

The Japanese in California should be under armed guard to the last man and woman right now and to hell with *Habeas corpus* until the danger is over.

It is painful, Mr. President, to recall irrationality on the part of a ranking military officer, like General DeWitt, and blind jingoism expressed by allegedly responsible journalists like Henry McLemore and Westbrook Pegler. But it is incumbent upon us to remember and remember well.

It is within our power, as every Member of this Congress knows, to provide to our Japanese American fellow citizens a formal apology and financial restitution. But no amount of dollars can compensate innocent victims for the human sufferings created by this unjust and discriminatory policy.

Let me share with the Senate the memories of some of those who testified before the Commission.

"We stood in line with a tin cup and plate to be fed," one witness recalled." I can still vividly recall my 85-year-old grandmother gravely standing in line with her tin cup and plate."

Of the shoddily constructed buildings in which evacuees were expected to survive a Wyoming winter, another witness said:

"I can remember the foreman's comment when he found cracks in the building. He said 'Well, I guess those japs will be stuffing their underwear in there to keep the wind out'."

What were camp locations like? Consider the testimony of a woman who was sent to the Mindoka camp in Idaho.

We were given a rousing welcome by a dust storm . . . we felt as if we were standing in a gigantic sand-mixing machine as the sixty-mile gale lifted the loose earth up into the sky, obliterating everything. Sand filed our mouths and nostrils and stung our faces and hands like a thousand darting needles. Henry and father pushed on ahead while mother, Sumi and I followed, hanging onto their jackets, banging suitcases into each other. At last we staggered into our room, gasping and blinded. We sat on our suitcases to rest, peeling off our jackets and scarves. The window panes rattled madly, and the dust poured through the cracks like smoke. Now and then when the wind subsided, I saw other evacuees, hanging on to their suitcases, heads bent against the stinging dust. The wind whipped their scarves and towels from their heads and zipped them out of sight.

Other camps were not much better, as noted by a former internee at the Rohwer camp in Arkansas.

When the rains came in Rohwer, we could not leave our quarters. The water stagnated at the front steps . . . the mosquitoes that festered there were horrible, and the authorities never had enough quinine for sickness . . . Rohwer was a living nightmare.

Mr. President, I wish the Senate to recall that these were not people who were criminals. These were not people who had raised a hand or even a thought against their Government. It could have been you, Mr. President, or your family uprooted in the same manner.

Some of us may have forebears who came from England and some who came from France, Germany, Russia,

and Poland; some from South American or Central American countries.

These Americans happened to have forebears who came from Japan. For that reason, the President of the United States, Franklin D. Roosevelt, for whom I have the greatest respect, made a terrible error. He wronged the Japanese Americans. He misjudged them. Why? Why?

These same Japanese Americans who were living a normal life were uprooted and victimized by opportunists who sought to take advantage of a neighbor's misfortune.

Suddenly one day, they were told, "You have to leave."

Mr. President, let me quote to you some of their painful memories.

Our house was in from Garden Grove Boulevard, about 200 yards on a dirt driveway and on the day before the posted evacuation date there was a line up of cars in our driveway extending about another 200 yards in both directions along Garden Grove Boulevard, waiting their turn to come to our house * * *.

What I remember most was my father, who had just purchased a Fordson tractor for about $750 a few months prior to the notice.

Imagine his delight, after a lifetime of farming with nothing but a horse, plow, shovel and his bare hands, to finally be able to use such a device. He finally had begun to achieve some success. A dream was really coming true.

He had much to look forward to. Then came the notice, and his prize tractor was sold for a measley $75.

Here is another story:

Swarms of people came daily to our home to see what they could buy. A grand piano for $50, pieces of furniture, $50 * * * . One man offered $500 for the house.

And yet another:

People who were like vultures swooped down on us going through our belongings offering us a fraction of their value. When we complained to them of the low price they would respond by saying, "you can't take it with you so take it or leave it" * * * . I was trying to sell a recently purchased $150 mangle. One of these people came by and offered me $10.00. When I complained he said he would do me a favor and give me $15.00.

The pain and suffering went far beyond the loss of property.

Let us address ourselves for the moment to how Japanese American children were educated during this period. One individual told the Commission:

I recall sitting in classrooms without books and listening to the instructor talking about technical matters that we could not study in depth. The lack of qualified evacuee teachers, the lack of trained teachers was awful.

And here is how a wartime relocation authority report describes school facilities:

With no exceptions, schools at the centers opened in unpartitioned barracks meant for other purposes and generally bare of furniture. Sometimes the teacher had a desk and chair. More often she had only a chair. In the first few weeks many of the children had no desks or chairs and for the most part were obliged to sit on the floor or stand up all day. Linoleum laying and additional wall installation were accomplished in these makeshift schools sometime after the opening of the school. At some centers cold waves struck before weatherization could be started.

I have been discussing the treatment of the evacuees during their internment. I wish also to take a moment to read to you from the report of the Commission what happened to internees after their release.

I would say to those who have an interest that the entire report is available from the Superintendent of Documents. I quote from page 240:

The end of mass exclusion did not spell the end of hardship for the evacuees. Throughout 1945, evacuees returned to the West Coast, not only from the camps but also from interior states where they had been resettled. For many, leaving the camps was as traumatic as entering them. However unpleasant their lives in camp, it was preferable to an unknown, possibly hostile reception on the West Coast. By January 1945, only one of every six Issei had left. Now they would have to be persuaded to leave. Suicides, especially among elderly bachelors, were reported. Many were frightened, particularly of reintegrating with whites after the segregated life of the camps. Some came to resettlement lacking self-esteem, and perhaps identifying with the stereotypes that had been projected upon them. Some felt shame when they were let out of camp. A great many felt the burden of starting over, at an older age and for a second time. After encouraging everyone to leave and scheduling closing dates for each camp, the WRA finally gave the remaining evacuees train fare to the point of their evacuation, and made them leave.

"Send them back, no longer our problem." It was not our problem when we picked them up, sent them away and interned them. And after the internment was over, after they had been confined in subhuman conditions, we just said "Go back. You are on your own. We couldn't care less."

At an earlier point in my remarks, I talked about the fact that 5 months after Pearl Harbor that the Army had posted a notice in Florin, Calif., indicating that all persons of Japanese ancestry, both alien and nonalien, were to be evacuated on May 30, 1942. And indeed they were—at bayonet point.

The Washington Post article from which I quoted earlier reports upon the facts as the evacuees or the returnees found conditions in Florin when they returned, and I quote:

Others returned to Florin only to find their houses burned by whites. Some of the Japanese community buildings, where personal possessions had been stored, also were burned shortly before the return.

"The Mayhew Church, which had all the evacuee belongings in it—there must have been five pianos in there—was just a wisp of smoke," Sato said. "I guess they heard we were coming back."

Sakakihara said her husband and his parents found that a family living in their home "had been raising chickens inside the house. They had to fumigate and renovate the whole place."

"I came home by bus and walked through the Japanese farms," Sato said. "I must have walked three miles until I came to our farm. It was such a shambles."

As she approached her front door, she heard the voices of squatters who had moved in after the house was abandoned by a family to which she had entrusted it. She stayed instead with a former schoolteacher, only to be petitioned later by anti-Japanese white women asking her to leave.

"My father had always admired Abraham Lincoln," Mary Tsukamoto said. "When he was in the fourth grade in Okinawa, he read about Lincoln in a book, that Lincoln was so great that from a log cabin he became president. So he had a dream that this was America. And often he used to sit us down—brother George, sister Ruth; there were six of us—and lecture to us after supper about life and about values and about Lincoln and how that's why he had so much faith in this country.

"After the evacuation, we visited the Lincoln Memorial in Washington with him. Finally he made it there to pay his respects to Abraham Lincoln. He had tears in his eyes. I wish I had asked him what his thoughts were."

Why did we treat decent human beings in this manner? What logic, what intelligence, what kind of inhumanity could have caused us to segregate and discriminate against 120,000 people merely by reason of their ancestry? How do we justify that to ourselves? Because they looked different?

Japanese Americans felt the worst kind of bigotry and racism of which this Nation is capable. We have racism in our country now. We have bigotry in our country now. But there is a difference. This was Government-authorized racism and bigotry. This was Government segregation. This was Government discrimination.

Yes, indeed, we have problems in our Nation. But our Government as a matter of policy constantly states its opposition to racism and bigotry. We enact laws. Our courts speak out against discrimination.

But in this instance, Mr. President, you had the Government itself setting the policy.

Consider, for example, the security conditions under which these Americans were confined by their own Government. Here is what a 1942 Wartime Relocation Authority investigation of the Manzanar Camp had to say:

The guards have been instructed to shoot anyone who attempts to leave the center without a permit and who refuses to halt when ordered to do so. The guards are armed with guns that are effective at a range of up to 500 yards. I asked Lieutenant Buckner:

This is the author of the report speaking:

If a guard ordered a Japanese who was out of bounds to halt and the Jap did not do so, would the guard actually shoot him? Lieutenant Buckner's reply was: "I only hope the guard would bother to ask him to halt."

He explained that the guards were finding guard service very monotonous and that nothing would suit them better than to have a little excitement such as shooting a Jap.

Personally, I apologize for that designation of Japanese Americans as Japs, but I am reading a quote.

The effect on internees? Particularly the children? The testimony of George Takei tells it all.

I was too young to understand, but I do remember the barbed wire fence from which my parents warned me to stay away. I remember the sight of high guard towers. I remember soldiers carrying rifles, and I remember being afraid.

Think of your own children. All of a sudden there is a notice that they are being interned. The whole family is told to get out and you are put on trains by soldiers with guns with bayonets telling them to move and telling them that they are going to be taken some place of which they never heard. They are interned. And then they see themselves surrounded by barbed wire and high guard towers and soldiers carrying rifles. Is it any wonder that the children were afraid?

Listen to the memories.

On May 16, 1942 at 9:30 a.m. we departed . . . for an unknown destination. To this day, I can remember vividly the plight of the elderly some on stretchers, orphans herded onto the train by caretakers, and especially a young couple with four preschool children. The mother had two frightened toddlers hanging on to her coat. In her arms, she carried two crying babies. The father had diapers and other baby paraphernalia strapped to his back. In his hands he struggled with duffle bag and suitcase. The shades were drawn on the train for our entire trip. Military police patrolled the aisles.

(Mrs. KASSEBAUM in the chair.)

Madam President, so there may be no misunderstanding, our distinguished colleague who represents Hawaii, who was the first to raise this issue in the Chamber, has been here constantly during this entire colloquy. I have not as yet recognized him and have failed willfully to do so. He is my good friend and he knows I would not do that had I not had a special purpose in mind. But I feel so strongly about this subject that it is the obligation of those of us who are not of Japanese American extraction to speak out that I have asked him if he would be good enough to withhold his remarks until a latter part of this colloquy. I think he understands full well my purpose in doing so.

Madam President, I think it important that we address ourselves also to the extraordinary conduct of thousands of Japanese Americans in the service of their Nation during this period.

The Japanese-American community, which was treated so atrociously by our own Government responded by providing to our Armed Forces some of the finest fighting men to serve in World War II.

The 100th Battalion, originally a unit of the Hawaiian National Guard, was known as the Purple Heart Battalion for the extraordinary casualties it suffered in the bitter Italian campaign of 1943 and 1944.

The famous 442d Regimental Combat Team took 9,486 casualties, including 600 killed. The unit received 7 Presidential Distinguished Unit Citations and 18,143 individual decorations, among them a Congressional Medal of Honor. A Purple Heart went to Capt. DANIEL K. INOUYE, now Senator DANIEL K. INOUYE, who lost his arm as a result of his wounds.

DANNY INOUYE enlisted in the 442d in March of 1943 and received a battlefield commission in Italy. In 1944, he was leading a company trying to knock out German machinegun nests on a mountain. As they took the first one, he was hit with a rifle grenade which tore off his arm. Did he stop? He did not. He continued to lead his men in taking the second machinegun nest and was wounded again. For the action, he received the Distinguished Service Cross, the second highest honor bestowed by our Nation. He spent nearly 2 years in the hospital and was discharged as a captain in 1947.

In 1958, DANNY INOUYE was elected to the House of Representatives and became the first Japanese American to ever serve in Congress.

He is not the only Japanese American who serves in this body. The distinguished junior Senator from Hawaii, Senator MATSUNAGA, was in service in his Nation's Armed Forces 6 months before Pearl Harbor. He served his Nation as a distinguished member of our military in North Africa, and in Italy. He was in the second wave in Salerno and he went all the way to Hill 600 at Casino. For his services, he was awarded the Bronze Star, the Purple Heart with oak leaf cluster. He has served in the Congress of the United States and in the Senate for the past 20 years and we all consider it a privilege to serve with him and with Senator INOUYE.

Gen. Joseph Stilwell said about Japanese Americans who served in the military: "They bought an awful hunk of America with their blood . . . those Nisei boys have a place in the American heart now and forever. We cannot allow a single injustice to be done to the Nisei without defeating the purposes for which we fought."

Gen. Mark Clark described the record of the 100th Battalion in the following words:

You were always thinking of your country before yourselves. You have never complained through your long periods on the line. You have written a brilliant chapter in the history of the fighting men in America. You were always ready to close with the enemy and you have always defeated him. The 34th Division is proud of you; the Fifth Army is proud of you, and the whole United States is proud of you.

And so, indeed, we are proud of the Japanese Americans who served in our military and did so with distinction and with great heroism.

But heroism and sacrifice were not enough to protect even the war veterans from the irrational prejudice of too many Americans. A Japanese American veteran gave this account. He said,

Coming home, I was boarding a bus on Olympic Boulevard. A lady sitting in the front row of the bus saw me and said, "Damn Jap." Here I was a proud American soldier, just coming back with my new uniform and new paratrooper boots, with all my campaign medals and awards proudly displayed on my chest, and this bus driver, upon hearing this remark, stopped the bus and said, "Lady, apologize to this American soldier or get off my bus." She got off the bus. Embarrassed by the situation, I turned around to thank the bus driver. He said, "That is OK, Buddy; everything is going to be OK from now on out." Encouraged by his comment, I thanked him, and as I was turning away I noticed the discharge pin on his lapel.

My friends in the Senate, I believe that it is time for us, as a nation, to apologize to that soldier, to his family, and to the many thousands of Japanese Americans who were unjustly deprived during World War II of their liberty, their property, and their American rights. We brought shame and ridicule and humiliation to those Japanese Americans who were interned. But the shame and humiliation are ours as well, because our Nation did not live up to its own beliefs. We cannot undo the wrong that was done to the Japanese Americans, but we can, Madam President, go on record as recognizing that a grievous wrong was committed. And by so doing, we can help to insure that never again will we so dishonor the principles upon which our country was founded.

EXHIBIT 1

[From the Washington Post, Dec. 5, 1982]

JAPANESE AMERICAN INTERNEES RECALL THE UPROOTING OF THEIR OWN

(By Fred Barhash)

FLORIN, CALIF.—Five months after Pearl Harbor, the U.S. Army posted this notice in the tightly knit Japanese American farming community here: "All persons of Japanese ancestry, both alien and non-alien, will be evacuated from the above area by 12 o'clock noon, PWT, Saturday, May 30, 1942."

The 2,500 Japanese Americans who comprised 70 percent of the population of the Florin area were herded onto trains guarded by soldiers carrying rifles with bayonets attached. They were to be scattered first to converted race tracks serving as "assembly centers," then to "relocation camps" where they would spend most of World War II behind barbed wire in pine and tar paper barracks.

INTERNMENT—THE "ENEMY" 40 YEARS AGO

About 120,000 Japanese Americans, 70 percent of whom were U.S. citizens, were uprooted along the coasts of California, Oregon and Washington and interned in 10 camps in remote areas of California, Arizona, Idaho, Wyoming, Colorado, Utah and Arkansas.

President Roosevelt's administration said they posed a danger to strategic airfields, factories and shipyards on the West Coast. Yet not a single incident of a Japanese American attempting to aid the enemy was documented, and government claims of "military necessity" have since been demolished by a generation of scholars.

The U.S. government has never apologized for its actions nor made any redress to the victims, who lost homes, businesses, education and income. But now, after four decades, this may change.

In a report to be released soon, a commission established by Congress is expected to conclude that a grave injustice was done and to recommend a formal apology and payment of as much as $20,000 to each Japanese American internee or his heirs.

The Commission on Wartime Relocation and Internment of Civilians, headed by Washington attorney Joan Z. Bernstein, has heard more than 700 witnesses and reviewed tens of thousands of documents during the last two years in the most complete recounting of the internment of Japanese Americans during World War II.

This series of articles is drawn from those hearings and documents, plus interviews with survivors such as Mary Tsukamoto, 67, who has devoted much of her time to piecing together the story of what happened in one community: Florin, Calif.

"We got up early," she recently remembered about the day her family was taken away from Florin in 1942. "We ate our last breakfast, cleaned our house. Our 5-year-old daughter was hanging on to Uppy, the pet dog she has to leave behind. Grandpa was taking his last long look at the grapevines. Grandma was out in the garden.

"Never once did I say, 'Well, I'm an American citizen, and I protest,' " she added. "In those days, no American would protest to the government. We were at war. We were going to do out best to serve. To be loyal and serve."

Florin, then an area of hardpan farmland nine miles south of Sacramento, had long been something of a refuge from the racial hostility Japanese immigrants encountered elsewhere in America after they first fled economic dislocation in Japan around the turn of the century.

Tsukamoto's father, who had emigrated to San Francisco from Okinawa at age 17, was driven from more fertile areas in Turlock, Calif., by a wave of anti-Japanese sentiment that swept California, often violently, from 1905 onward. She said friends told her father "strawberries were a sure crop" in Florin.

Her husband's father came here in 1892, by way of Hawaii and Vancouver, British Columbia, after working in the tanning industry, coal mines and railroads. He had heard there were jobs for Japanese to help white farmers transform their grain fields around Florin into vineyards. Between the rows, the whites allowed the Japanese to grow strawberries.

Kiyo Sato's father bought land on the fringe of the Florin area in 1930. California law forbade land ownership by Japanese aliens at the time, so he, like others, joined a dummy corporation to buy 30 acres at Mayhew, Calif. By 1918, the San Francisco Chronicle headlined a feature story on the progress here: "Industrious Nipponese Have Made Lower River Region, Once a Waving Tule Field, Into a Vast Garden Empire."

"EVACUATION" OF THE JAPANESE AMERICANS

A government report later described "the typical life" of Florin's Japanese Americans before World War II as "one of contentment and peace. They had come in, simple, ambitious people, to try to reclaim a land which the Causcasians had thought worthless and not worth the trouble to keep. These people recognized, and still admit the land isn't so good, but to them, at that time, and even now, it was something which they could build, with hard work, into something lasting and which they could leave to their children as a heritage, to show that this was indeed 'a land of opportunity.' "

Whites had owned all five stores in Florin in 1915. By 1925, all but one of the stores were owned by Japanese Americans.

Resentful whites set up a dual school system in 1923. "Father registered us in the elementary school," Tsukamoto said, "We were shocked. Every child in that school had a Japanese face. It gave us an awful sinking feeling."

The Japanese American community built its own churches, civic associations, language schools and recreation clubs. But it made every effort to stamp them American. A panoramic photograph of the All-Florin Japanese American picnic in 1935 shows hundreds of Japanese faces gathered around a life-sized portrait of Abraham Lincoln borrowed from a school hallway.

Sato recalled winning a school essay competition on "What It Means To Be an American." She said she "wrote something about how this is my country and though it has its faults, we love it. Such idealism."

Just a few months later, news of the attack on Pearl Harbor arrived as Japanese Americans rehearsed a Christmas pageant in a church building in Florin. Al Tsukamoto, Mary's husband, heard it on the radio and ran to tell the rest.

"There was such a silence," his wife recalled. "Then foreboding. We felt as though our bodies were shrinking. We sensed something terrible was going to happen."

Over the next 48 hours, the FBI arrested and held incommunicado for weeks about a dozen leaders of Florin's Japanese-language schools, clubs and associations. "There was Mr. Tanigawa," Tsukamoto recalled. "He was a big shot in the community, a go-between for marriages. There was Mr. Akiyama. They took him because he was active in the kendo [stylized swordplay]. They use the bamboo stick. The government interpreted that as training for the military. And Mr. Sasaki. Fukuji Sasaki. He was secretary of the Japanese Association."

Life in Florin over the next few months came as close as it ever has in any American community to life in a police state. Homes were searched on the slightest pretext, and frightened families burned anything with Japanese script on it.

In her testimony before the wartime relocation commission, Nellie Sakakihara said the 8 p.m. curfew imposed by the military on West Coast Japanese Americans forced her to drop out of college, which she had been attending in Sacramento at night. White neighbors periodically summoned the sheriff when crisis meetings of Japanese residents ran past the curfew.

Sacramento, where everyone in Florin did most of his shopping and where doctors had their offices, was outside the five-mile restriction on travel. Sato recalled feeling like a fugitive when she was out past curfew on a 14-mile trip to a Salvation Army store to buy old suitcases for the evacuation.

"I remember seeing a cop in the rear-view mirror one day," she said. "My heart was pounding. I made a turn, and he kept going. I had to stop the car to recover."

When the evacuation was ordered, U.S. military officials divided the Florin area into four sectors, assigning the Japanese American residents of each to a different "relocation camp." Late on the night before the evacuation, some hurried across the artificial lines so as to be taken to the same camp as relatives or friends.

They received only 10 days' notice to dispose of farms and pets, pots and pans, cars and refrigerators, to harvest crops and settle debts. Students dropped out of college, and people worked nights in the fields, risking violation of the curfew to pick crops.

Whites went door to door, offering to buy personal belongings and land, which many of the Japanese Americans sold at a fraction of their value. Others, like the Tsukamotos, left their property to be managed by a neighbor. They were allowed to take only what they could carry.

"My father packed," Kiyo Sato remembered. "We had 10 bedrolls, one for each member of the family, according to the regulations. He packed in the bedrolls a hammer, a saw, a roll of wire, an augur, a planer, a bucket, tools for survival, a great big old canvas for shelter. My mother and father made me take my violin."

"The Issei [the original immigrants from Japan] brought seeds," Mary Tsukamoto said. "Imagine that, flower seeds. Who would have thought of something like seeds in those difficult times? But when we got to the assembly center [at Pinedale, Calif.], it was just barracks and dust, not one blade of grass in the whole place.

"They planted those seeds. And when the first green came out by the barracks, everyone came out to see. It was a blue morning glory. They passed out seeds to the other people, and in a couple of months, the place was just covered with flowers. Every day we'd go and walk by the barracks to see how much it had grown."

Mary Tsukamoto remembered with special pain the day when, as a leader of the community, she had to tell the Kurima family that their son, Toyoki, 32, would not be allowed to go with them. He was blind and retarded, ate only Japanese food, understood only the Japanese language and had never been away from his family.

Under the military rules, however, no one requiring institutional care could be sent to the internment camps. Toyoki was taken away instead by a social worker. Within a month, the Kurimas received word that he had died.

Most of these taken away during the war never resettled in the Florin area, now a strip of housing developments, warehouses, fast-food restaurants and shopping centers on land once largely owned by Japanese Americans. Many internees, who had not sold their homes before the evacuation were forced to do so during their internment to pay debts or taxes.

Others returned to Florin only to find their houses burned by whites. Some of the Japanese community buildings, where personal possessions had been stored, also were burned shortly before the return.

"The Mayhew Church, which had all the evacuee belongings in it—there must have been five pianos in there—was just a wisp of

smoke," Sato said. "I guess they heard we were coming back."

Sakakihara said her husband and his parents found that a family living in their home "had been raising chickens inside the house. They had to fumigate and renovate the whole place."

"I came home by bus and walked through the Japanese farms," Sato said. "I must have walked three miles until I came to our farm. It was such a shambles."

As she approached her front door, she heard the voices of squatters who had moved in after the house was abandoned by a family to which she had entrusted it. She stayed instead with a former schoolteacher, only to be petitioned later by anti-Japanese white women asking her to leave.

"My father had always admired Abraham Lincoln," Mary Tsukimoto said. "When he was in the fourth grade in Okinawa, he read about Lincoln in a book, that Lincoln was so great that from a log cabin he became president. So he had a dream that this was America. And often he used to sit us down—brother George, sister Ruth; there were six of us—and lecture to us after supper about life and about values and about Lincoln and how that's why he had so much faith in this country.

"After the evacuation, we visited the Lincoln Memorial in Washington with him. Finally he made it there to pay his respects to Abraham Lincoln. He had tears in this eyes. I wish I had asked him what his thoughts were."

MEMORIES OF THE "EVACUATION"—12/31/41: AT 12:15 A.M. TWO POLICEMEN CAME INTO OUR BEDROOM

At hearings held by the Commission on Wartime Relocation and Internment of Civilians during the last two years in San Francisco, Los Angeles, Seattle, Washington, New York and Chicago, hundreds of Japanese Americans interned in camps during World War II described their experiences for the first time publicly, creating the most complete record so far of the events 40 years ago.

Here are some excerpts:

Emiko Matsutsuyu, reading from his diary of events before his evacuation for Terminal Island, Calif.: "12/31/41: At 12:15 a.m. New Year's Eve, three plainclothesmen and two policemen came into our bedroom. They were polite but as we lay in bed, they stood at the foot of the bed and were so tall and menacing, it left my youngest sister, 14, with her teeth chattering and knees knocking. They explained they were going through all the houses looking for radios and whatever . . . . Monday, 2/2/42: When I went home for lunch today, a couple of FBI men were going through father's desk drawers. They were reading letters. They were particularly interested in letters dated after Dec. 7, 1941. The Island was swarming with soldiers today. I noted jeeps, scout cars, blitz buggies . . . . It is difficult to concentrate on the job at the office."

Masao Takahashi, describing his arrest and detention as an enemy alien: "On the very day of my eldest daughter's 11th birthday, Feb. 21, 1942, I was roused from my sleep very early in the morning. The FBI, along with four Seattle policemen, searched my house, ransacking closets . . . . I was placed in the Immigration Detention Center . . . . I recall feeling confident that I would be released in time to eat birthday cake with my family that evening. However, when we were stripped naked and thoroughly inspected, I was shaken . . . . After about a month and a half, my family came to the train station when a group of us were transferred to [a Justice Department detention center at] Missoula, Mont. I was allowed a few minutes to walk to the fence and to say goodbye to them. I was at a loss to find comforting words. Boarding the train, I heard my daughters crying out, 'Papa, Papa.' I can still hear the ring of their crying in my ears today."

Ben Takeshita, recalling evacuation from San Mateo, Calif: "As we walked on the sidewalk with all the belongings we could carry, I remember some of our neighbor 'friends' peeking out of their windows from behind the curtains and shades and watching us as we left. I remember feeling very ashamed, as if I were a criminal or a leper. Except for our next-door Chinese friend, no one came out to wish us goodbye or anything."

Alice Okazaki, on getting ready: "I still remember agonizing over which doll I would take . . . . The agony of making that decision has stayed with me all these years."

Elsie Hashimoto: "My father was seriously ill . . . . We were taken to Merced Assembly Center [in California] by bus. Father was taken earlier by ambulance. My dad was denied the privilege of remaining outside in a hospital. The facilities were totally inadequate for the critically ill. I believe he was the first person to pass away in our camps. It was a hot June day; he laid in agony on a straw-filled mattress placed on a canvas cot. He slowly passed away in this horse's stall."

(The following remarks were made earlier while Mr. HECHT was in the chair).

Mr. METZENBAUM. Mr. President, I see the distinguished Senator from Maryland in the Chamber and I yield him such time as he feels he needs.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Mr. MATHIAS. Mr. President, first, I thank the distinguished Senator from Ohio for yielding me this time and for doing it at a most convenient moment.

I thank him for taking the initiative in setting aside a period in which the Senate can think about, discuss, and meditate a little bit on the subject of the internment of Japanese Americans during World War II.

This is a subject that needs some time because it needs to be approached at several different levels of comprehension. Certainly one of the most important levels of comprehension is the amount of human suffering which resulted from the internment.

People were rooted out of their homes, they were denied the opportunity to pursue their jobs, their businesses were closed, their assets were dissipated, their lives were completely disrupted.

This was done out of a nameless kind of fear, a mindless kind of fear, a fear that unhappily had racial overtones, and a fear that we now know had utterly no basis in fact.

Unhappily a large number of the people, who suffered these indignities and injuries, have since died. There is no way to make any retribution to them. There is no way even to let them know that with the fullness of time, the cooling of tempers, that some sanity has returned and that it is now recognized that they were grievously wronged. It is not even possible to give them the satisfaction of knowing that we are sorry.

But, Mr. President, there is another level at which internment of the Japanese should be addressed and that is the level which transcends even the tragic human sorrows of those Americans of Japanese ancestry who were interned during World War II because it goes to the very fabric of the Nation. It goes to the whole concept that the guarantee of liberty and equality and justice is for every American citizen, and when we have denied liberty and equality and justice to Americans of Japanese ancestry we have potentially denied it to every American citizen.

There is no way in which these basic elements of American citizenship can be denied to any American without endangering the right of every other American to the same rights of freedom, equality, and justice, and that really is another level that the Senate should very carefully consider as we remember and recall and regret the interment of Japanese Americans during World War II.

We must remember that if we deny basic constitutional rights to anyone it becomes possible to deny them to everyone.

So perhaps the best monument we can erect to those who suffer these indignities, wrongs is to erect a board, a constitutional board, so that this cannot happen again to any American citizen. That could be the great monument which results from our recollection, our willingness to examine what was obviously a wrong, and our desire to make some retribution for the errors.

It would not be inappropriate, I think, for us to so engrave this experience upon our national memory that it becomes impossible that it should ever be repeated.

Some years ago I walked across the street to the Supreme Court to pay a call on Earl Warren who had retired as Chief Justice of the United States but who still maintained chambers in the Supreme Court building, and I sat down on a sunny afternoon with Chief Justice Warren and we talked about a number of things, among them the internment of Japanese Americans.

As history records Chief Justice Warren, as attorney general of California, had played some role in the internment and he told me on that quiet contemplative day as we sat by a window looking over the lawn of the Capitol that he considered that that was the gravest mistake, the most grievous error, the act that he most regretted in his long and distinguished career of public service.

If a man as big as Earl Warren can make that confession then it seems to me that all of us can make that confession. All of us can admit that even the United States of America can be wrong on occasion, and when she is it is the duty and the privilege and the responsibility of citizens to correct the error and to go forward with new dedication to the pledge of the Constitution.

Mr. President, I once again thank the Senator from Ohio.

Mr. METZENBUAM. I appreciate very much the Senator from Maryland coming to the floor and addressing himself to the subject. Certainly his discussion with Chief Justice Warren is of particular interest and I think it highlights the point.

In order not to impose on the time constraints of my colleagues, I now yield the floor to the distinguished junior Senator from Alaska, Senator MURKOWSKI.

Mr. MURKOWSKI. I thank the Senator from Ohio.

Mr. President, I am indeed privileged to participate with the Senator from Ohio, my distinguished colleague, in this matter.

THE EVACUATION AND ENCAMPMENT OF ALEUTS AND JAPANESE AMERICANS IN ALASKA DURING WORLD WAR II

Mr. President, when I recently received a letter from my distinguished colleague from Ohio concerning his wish to conduct a colloquy on the internment of Japanese Americans and encampment of Aleuts during the Second World War, I was most pleased with his idea and his sincere interest in this problem. I not only "feel an obligation to speak out" on Aleut and Japense encampment, but I feel a strong personal desire to address a problem which this Nation is just beginning to recognize and come to grips with.

We are all aware of the report of the Commission on wartime relocation and internment of civilians which was issued last month. I await the Commission's recommendations with great interest. I, for one, will rely to a great extent upon these recommendations when exploring the advisability of compensation legislation.

Unfortunately, I find the Commission's report to be lacking in one regard. It fails to even mention the plight of those Japanese Americans who were living in Alaska during the war and were relocated outside the State. Approximately 200 Japanese Americans in Alaska suffered the same agony and fate as those in the western portion of the "lower 48" and yet have not even been recognized in the Commission's report.

When this omission came to my attention. I contacted the Commission to inquire as to why Japanese Americans in other Western States were discussed and no mention was made of those in Alaska. They assured me that this had been an unintended oversight and that they planned to address it in a supplemental report later this spring. I stressed the importance of not ignoring the plight of these Japanese Americans. For they were sent to the same camps as those in the "lower 48." Commission officials concurred with my feelings and assured me that their supplemental report would reflect the fact. I plan to follow the Commission's activities in this regard very closely, for I want to be certain that Alaska's Japanese Americans receive the same consideration as all others when it comes to possible compensation or other proposed recommendations. In the meantime, I wholeheartedly welcome this opportunity to draw attention to these forgotten Japanese Alaskans who suffered like all the other Japanese Americans.

Many of these Japanese Americans in Alaska were forced to leave their homes for California and Idaho camps and were never able to return. Their lives were uprooted and forever changed by events over which they had no control or say whatsoever. Death, illness, and lack of funds forced many of these civilians to give up the idea of returning to their former homes in the North after the war.

Some of these Japanese Americans who did survive and were able to return to Alaska now represent some of the pillars of my State's society. With pride and perseverance, they have established themselves as significant contributors to the development of Alaska's economy and future prosperity. I am proud to consider many of these individuals my friends—people like Tatsuda, Sam Taguchi, and Ohashi, to name a few.

I want to bring the plight of Alaska's Japanese Americans to the attention of the Commission and to my colleagues in the Senate. Any resolution of the internment dilemma must take these forgotten people into full account.

The Commission did address the issue of evacuation and encampment of 850 Alaskan Aleuts during World War II. This evacuation was undoubtedly necessary and wise. I also agree that the conditions at the Aleut camps were "deplorable". I personally saw these camps during the early 1940's. Living conditions were worse than what one witnesses in some of the poorest sections of the Third World today. An estimated 10 percent of the evacuated Aleuts died in the southeast Alaska camps, including a number of Native elders and infants.

I was aware and others were, of the spread of tuberculosis and many other diseases at the abandoned canneries and gold mines which became the Aleuts' home for 2 to 3 years. Medical care was inadequate and irregular. For instance, the 83 Aleuts evacuated from Atka to Killisnoo Island had a doctor for only 4 months of their 3-year encampment. In 1942, in an old herring cannery, which was used to house them, they combatted the coldest winter in 50 years. The climate and terrain of the southeast Alaska camps was unlike that of the Aleutians' homeland in the Western Aleutians.

They had a difficult time climatizing themselves and again tuberculosis ran rampant. Schooling for the children was poor or more often, nonexistent. The list of adverse conditions goes on and on.

From the time when the Aleuts were placed in the holds of U.S. ships to the time when they were finally returned to their ransacked homes in 1944 and 1945, these Natives endured great hardships. With the encampment of these people and the loss of their precious icons and other personal property. A vital part of Aleut and American culture was lost, never to be replaced or regained.

Before this year, what happened to the Japanese Americans and Aleuts in Alaska during World War II for the most part remained a story untold. Now, thanks to the research of the Commission and the interest of concerned Americans such as my friend and colleague Mr. METZENBAUM, their suffering is being brought to light.

During the coming months the Commission, the courts, and the Congress will be addressing what needs to be done to redress the wrongs committed to these American civilians. I am grateful to Senator METZENBAUM and heartened that a country as compassionate and as concerned about human rights as America is finally deliberating on what can be done to resolve this blight on our history.

In closing, I thank Senator METZENBAUM for providing me with this opportunity to address an issue of great importance to me and the State of Alaska.

Mr. METZENBAUM. Mr. President, I very much appreciate the comments of the distinguished Senator from Alaska. I am very happy to have him join us in this colloquy today. As is usual, he does indicate a continuing concern for the human rights of people in this Nation.

Mr. MURKOWSKI. I thank Senator METZENBAUM for his accommodation, particularly on his time.

Mr. METZENBAUM. Mr. President, I now yield 10 minutes to the distinguished Senator from Washington (Mr. GORTON).

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. I thank my friend from Ohio.

Mr. President, as the Senator from Ohio and others have pointed out, human rights must be safeguarded without regard to time,

place, or circumstance. A good deal of the attention of the Senate now is focused on protecting and extending human rights in foreign lands. Efforts to attain this goal abroad should not overshadow the same duty owed to all who live within our borders. It is within this context that I wish to frame my comments on the recently published findings of the Commission on Wartime Relocation and Internment of Civilians.

The Commission's report summarizes the facts relating to a scar on the human rights record of this Nation. As the report documents, unsubstantiated fears about a few were used to rationalize the widescale and blatantly racist incarceration of multitudes of loyal Americans and legally admitted aliens. I can find no standard of justice with which to justify the wrongs perpetrated against about 120,000 persons of Japanese birth or descent between 1942 and 1945.

The Presidentially ordered and congressionally sanctioned policy of removal, exclusion, and detention has special meaning for citizens of Washington State. As the State was within the zone of exclusion defined by Executive Order 9066, persons of Japanese ancestry, living particularly in and around Seattle and the Puget Sound area, were forced to move their lives and what little baggage could be carried by hand. Their ordered departure was preceded by little notice and caused great economic and emotional loss.

Immeasurably greater was the Government-run dehumanization process which followed. Families were assigned identification numbers and shipped like cattle to nearby assembly centers; 1 of the 15 such centers, a site in Puyallup, Wash., served as a temporary holding pen for about 7,400 persons during 1942. Basic human needs—such as privacy, nutrition, and health care—were ignored. From these temporary facilities, people were shipped further inland to relocation centers and internment camps, where conditions were no better. The average stay for internees there was about 900 days, which consisted largely of unproductive confinement and personal suffering.

Release from the camps in 1945 meant an unassisted return to a life of emotional stress and economic hardship. The resident Caucasian population singled out and discriminated against returning internees to an even greater degree than had been the case prior to the war. That so many reassembled their lives and regained their livelihoods is a great tribute to the personal strength and cultural values of those who were outrageously deprived of their rights.

In hindsight, the injustices of this period are obvious. The question of redress has been raised and only partially addressed. At the Federal level, the Japanese American Evacuation Claims Act was passed by Congress in 1948. That act gave persons of Japanese ancestry the right to claim compensation individually from the Government for documented property losses which resulted from their evacuation or internment. A total of approximately $37 million was disbursed pursuant to the law. But, as the committee's report states, no attempt has been made to redress the less tangible harm sustained, such as the trauma and deprivation of personal freedoms experienced during relocation and internment. In short, past attempts at redress have been incomplete.

Recognizing this fact, the question of devising and making proper redress recurs today, and is the reason behind the commission's existence. In my view, a satisfactory response to the events of 40 years ago should take three forms. First, better safeguards must be put in place to see that such an unthinking denial of humanity is never repeated in this Nation. Second, an official statement of apology is owed to those personally affected by Executive Order 9066 and to their families—virtually the entire Japanese American community. Finally, tangible redress to complete the effort begun by the Evacuation Claims Act of 1948 is called for.

Picking an appropriate way of making such redress is a difficult task. The Commission stated that the best evidence to substantiate economic losses was long since lost, and I cannot think of any accurate measure of the human suffering endured during this period. While individual monetary compensation is the most popular form of redress among Japanese Americans, even that community is divided on the issue.

Residents of Washington have agreed to erect a memorial on the site of the Puyallup Assembly Center. Artist George Tsutakawa will create this work, which is scheduled to be in place by about September 1 of this year.

While such a memorial is an appropriate symbol, it does not go far enough toward rectifying the injustices of 1942 to 1945. I am concerned, however, about whether monetary payment is the wisest or most feasible next step. First, it would be difficult to secure any meaningful large payment in light of the fiscal problems facing the Federal Government. Second, I am unsure whether the present generation should be forced to pay so directly for the misdeeds of their predecessors.

As a way to stimulate creative thinking on this subject, I suggested 2 years ago that surplus Federal lands be deeded to persons who sustained uncompensated economic losses, personal injuries, or deprivation of liberty during and after their relocation and internment. Federal lands of significant value abound in the West in the former areas of exclusion. Making this kind of transfer would have lasting value for former internees and their families, but would not force an undue hardship on today's taxpayers.

I have advanced this proposal in the past more as a way of encouraging thought on the subject than of suggesting that my idea is the preferable way to discharge our national duty in this matter. I look forward to reviewing the final portion of the Commission's report, and I shall work with others to see that Congress acts on their recommendations.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Madam President, I very much appreciate the comments of concern expressed by my good friend from Washington, who time and again does not hesitate to speak out if he hears, knows, and sees wrongs. So I am very happy that he has seen fit to join us on the floor today.

Madam President, I see in the Chamber the distinguished Senator from Massachusetts, and I yield to Senator KENNEDY at this time.

Mr. KENNEDY. Madam President, I ask unanimous consent that my remarks appear at an appropriate place in the RECORD, not to interrupt any of the other speakers.

The PRESIDING OFFICER (Mrs. KASSEBAUM). Without objection, it is so ordered.

Mr. KENNEDY. Madam President, I commend Senator MATSUNAGA, Senator METZENBAUM, Senator INOUYE, and others for their leadership in providing an opportunity for us in the U.S. Senate to speak to this issue. I think it is entirely appropriate for the Senate to spend time on this issue this morning, because it affects not only the issue of the history of this Nation, but also relates to the kind of society we are and that we should be and that we want to become in the future.

Even today, we see statements and comments and the questioning of certain loyalty and patriotism of individuals in our society, but there have been few other instances where that kind of hysteria played such a dramatic and shameful role in terms of American history.

I thank the Senator from Hawaii and the Senator from Ohio for focusing the attention of the Senate on this particular question.

Madam President, it has been said that "He who cannot remember the past is condemned to repeat it." America at its best is an America that can confront our past and learn from our mistakes.

All Americans should be reminded of the rush to judgment four decades

ago, when thousands of loyal Japanese Americans were relocated from their homes and detained under armed guards at desolate locations during World War II.

That exclusion and detention was unfair and unjustified. It remains a shameful blot on the proud record of our Nation's stand for liberty around the globe during those difficult years. We must firmly learn the lesson of this sad chapter in our history, when the commitment to individual rights and human dignity was abandoned in a stampede of fear and prejudice, cloaked in the mantle of "national security."

The Commission on Wartime Relocation and Internment of Civilians, established by the Congress in 1980, has finished its review of the relocation and internment of 120,000 Japanese American citizens and resident aliens during World War II. The Commission has issued its report and will soon present its recommendations for national action. The Commission determined that the decision to relocate Japanese Americans away from the west coast, and the delay in the decision to end detention, were not justified on military grounds.

The Commission report emphasizes that—

A grave injustice was done to American citizens and resident aliens of Japanese ancestry, who without individual review or any probative evidence against them, were excluded, removed and detained by the United States during World War II.

Even the Supreme Court of the United States, the final guardian of our basic liberties, acquiesced in the detention, on the untenable theory that the Bill of Rights had gone to war. Justice William O. Douglas, who joined the majority opinion in Korematsu which held the evacuation constitutionally permissible, found that the evacuation case "was ever on my conscience."

The role played by racial prejudice in these decisions by our Government is revealed by the fact that Italian Americans and German Americans were not subjected to such indecent treatment.

According to the Commission, there was not a single documented act of espionage or sabotage committed by Japanese American citizens or resident aliens. On the contrary, the bittersweet irony is that thousands of Japanese Americans served in our Armed Forces with exceptional gallantry.

Many, including two of our colleagues, served in the legendary 442d Regimental Combat Team, one of the most decorated American units in the entire war.

It is now clear beyond argument that, as the Commission concluded, the decisions regarding relocation and detention were largely shaped by "race prejudice, war hysteria, and a failure of political leadership."

The proceedings of the Commission, and the accompanying publicized reminiscences, have reminded us of the heavy toll those policies took on the lives of the victims.

For the evacuees, the costs were crushing. Conditions in relocation centers and internment camps were deplorable. American families were forced to live in shabby facilities, in the shadow of armed sentries and watchtowers, and to give up almost all personal privacy in the crowded camps. They felt the personal pain of evacuation from their neighborhoods and the stigma of having their loyalty questioned. Parents suffered the anguish of trying to explain such discrimination to their children.

Nor did the damage end when these families finally were allowed to leave the camps. Businesses had been hastily abandoned. Careers and schooling were interrupted. Dreams were shattered. As a result, the victims endured the financial and psychological costs for many years. To their credit, they have borne their scarring experience with restrained anger and quiet dignity.

We cannot now erase the stain of this tragic mistake. But we can learn from it.

We can reaffirm our commitment to reject future pressures to abandon our commonsense, and our sense of decency.

And we can make amends, to the limited extent possible, to those thousands of loyal Americans who were treated so shabbily by their own Government.

Neither national apology nor material compensation can fully rectify the terrible experience that they were forced to undergo. But America must do right by those it has wronged.

Mr. METZENBAUM. Madam President, I thank the Senator from Massachusetts for joining us in this colloquy and adding his well-respected and effective voice to the strong feelings that many of us in the Senate have. As usual, we can count on him to be with us in this kind of endeavor. I am very grateful to him.

I now yield 5 minutes, or such additional time as he may require, to the Senator from Michigan, in order that he may address this subject.

Mr. LEVIN. I thank my friend from Ohio.

Madam President, on February 19, 1942, while the country was still reeling from the Japanese attack on Pearl Harbor, President Roosevelt signed Executive Order 9066. The order granted certain of the President's military commanders the power to exclude "any and all persons" from designated areas of the country in order to protect the Nation against sabotage, espionage, and fifth column activities. The result of the order was to exclude approximately 120,000 U.S. residents of Japanese descent, many of whom were born on American soil, from the Western States. They were later placed in "relocation centers," where it was thought they would be less of a threat to the national security.

Now, more than 40 years after the internment of Japanese residents, the first in depth review of the actions taken pursuant to Executive Order 9066 has been completed by the Commission on Wartime Relocation and Internment of Civilians. The Commission's report should be carefully studied by every Member of Congress. It serves as a grave reminder of one of the darkest periods in American history and as a factual basis from which the Congress can determine whether to compensate those who were detained during World War II.

The Commission found that there was no "military necessity" for either the initial exclusion or the later detention of resident Japanese Americans from the west coast. According to the Commission, "not a single documented act of espionage, sabotage, or fifth column activity was committed by an American citizen of Japanese ancestry or by a resident Japanese alien on the west coast" during the entire period.

I wonder how many other groups can make that claim. Not a single documented act of espionage, sabotage, or fifth-column activity was committed by an American citizen of Japanese ancestry or by a resident Japanese alien on the west coast during this entire period.

I ask again: I wonder how many other groups can make that claim.

Japanese Americans, both citizens and residents of the United States, were being forced to leave their homes but were powerless to defend themselves against the senseless attack on their loyalty to this country. Without any individualized determination having first been made that they posed some threat to the United States, these people were stripped of their personal possessions, forced to abandon their businesses and professions, and robbed of their individual liberties.

Congress gave its "stamp of approval" to the executive order when it passed, "without serious objection or debate," the act of March 21, 1942, which established criminal sanctions against individuals who failed to comply with restrictions stemming from the order.

In *Hirabayshi* v. *United States*, 320 U.S. 81 (1943), the Supreme Court upheld a curfew order restricting the movement of Japanese residents on the basis that Congress and the executive "acting in cooperation" could constitutionally impose such restrictions.

Undoubtedly, it is easier for others to look back and criticize the actions of decisionmakers than it is to make rational decisions in the face of a wave of fear such as that which swept this country after Japan attacked the United States. But many of the Government officials and political leaders who recommended that the Japanese be excluded from the Western States have themselves since recognized that such a drastic action was both unnecessary and unjust.

A former colleague of mine on the Detroit City Council, Councilwoman Maryann Mahaffey, visited one of those camps in 1945 and wrote about her experiences in October 1981 edition of the Detroit Free Press. Councilwoman Mahaffey wrote as follows:

The two months I spent at Poston Camp II were the most memorable and the most traumatic of my life. Poston was a concentration camp—the largest of the War Relocation Authority camps in which Americans of Japanese ancestry were interned during World War II. It was located east of Parker, Ariz., on the Mojave Indian Reservation.

I volunteered as a recreation worker, in the closing days of the war, to help with the relocation of those who had been interned there for four years. My assignment was to help reassure the evacuees that outsiders cared and to serve as a bridge back to the world from which they had been separated.

With the innocence and the enthusiasm of a dedicated and serious 20-year-old Iowa college senior armed with textbook knowledge of family life, social problems and psychological stress, I felt confident about my mission.

I think I did some good. I think I helped. But I will be forever haunted by what could not be done, by the irreparable damage inflicted on an innocent, helpless and defenseless population.

On July 1, 1945, I was driven in a camp van through the Mojave Indian Reservation, past the barbed wire enclosure, and saw for the first time the primitive, loosely constructed wood barracks that housed the evacuees. I heard the Army M.P. who accompanied us brag about his connivance on obtaining his assignment so he could patrol the camp and display his superiority over the detainees.

I learned that only 10 evacuees were allowed at any one time into the neighboring town of Parker, because of the intense resentment by the permanent residents. Japanese-Americans had been barred from the taverns. A 442d Battalion (the most decorated outfit in American history) combat vet on crutches had been thrown bodily out of the barber shop. Stores were declared off limits and hostility pervaded the atmosphere.

But my most vivid memory is of family life in those barracks. I remember Mrs. Shimonishi telling me about her one room: "On my arrival my husband and I shared a 20-by-24-square-foot room with his parents, a brother-in-law and his wife and another brother-in-law. The army cot mattresses were ticks, filled with hay we were instructed to gather from the pile dumped beside the barracks. We had no room to walk. We lived there for six months with no stove during the deadly cold winter and no privacy and no freedom."

When I arrived three years later conditions weren't much better. Everything you did or said could be heard or seen through those thin, cracked wall boards.

At one point I obtained permission to escort a group of young girls into Parker, their first visit to town in three years. Some had been only four years old when they came to the camp. They saw merchandise and store counters for the first time. They bought their first ice cream cones. They had their first glimpse of cement sidewalks. And they were the objects of cold and suspicious stares by the townspeople. The girls were subdued and quiet. We were nervous for fear our children would be hurt.

I started a teen canteen where regularly the teenagers talked about their fears of the racism they would meet on the outside. But they wanted out. They wanted desperately to be normal American teenagers.

Thirty years later, I met one of those teens. She's now a nurse in Utah with three children. She thanked me for being at the camp in 1945, for we had given her comfort and a haven. It showed, she said, that someone from the outside had accepted her; it imbued her with the faith that there were, after all, some people who would treat her as an equal. Once she told me all of this, she said, she would not talk about it ever again. "I want to forget about it," she said. "It was too painful. I just want to be an American."

In the more than 35 years since that agonizing summer, I have thought often and poignantly about my role, about my country, and about justice. As a mother, as a social worker, as an elected public official, I feel so inadequate, so humble, so full of shame about what our government has done.

Internment camps—concentration camps in reality—I realized then and I am more convinced now, are alien to our democratic philosophy and repugnant in any civilized society. Whether for native Americans, wartime national enemies or political undesirables, the act of arbitrary and wholesale incarceration without cause, without trial and without compassion is wrong and is evil.

The scars left on those families and on those boys and girls will be with them forever. We cannot erase them. But the lessons of the terrible period must not go unheeded. Today, once again, I see dangerous signs of increased social tension. I hear talk of the need for stepped up police surveillance, of movements supporting racial and political suppression. These are fearful portents. Such alien tactics must never again be allowed to undermine our faith in our democratic principles. A free society cannot tolerate concentration camps. I cannot forget. I hope and pray that our country will never repeat that infamous act. I favor redress.

Madam President, we cannot erase the humiliation and deprivation that this internment caused, regardless of what course of action we ultimately adopt, but we must learn from these mistakes so that we cannot repeat them. That is the least that we can do. That is one way of paying this debt, to be certain that we learn from this tragedy so that it can never happen again to others. We must never again in the name of national security inflict injustice on our citizens or residents of this land of the free, and we must find a way legislatively to acknowledge the mistake, the suffering, and the tragedy.

Madam President, I thank my friends from Hawaii and Ohio, and I yield the floor.

Mr. LEAHY. Madam President, the end of the Second World War occurred nearly 40 years ago, and never since that victory over an external enemy have we as a people faced our own internal defeat: The dehumanization and internment of Japanese-American citizens and residents living in California at the outbreak of the war.

The Commission on Wartime Relocation and Internment of Civilians has filed its report after a thorough series of hearings and exhaustive research. It concludes what so many of us have always suspected but have never wanted to confront, that the President's order, on the advice of close civilian and military advisers, was not justified by military necessity and was rooted in racism, ignorance, and hysteria.

There are two major reasons to stand in the Nation's forum this morning and to remember these dreadful events. First, it is useful at a time when the fear of war is strong to understand how easily a deep democratic tradition can be swept aside by mankind's most evil custom—war. Second, it is necessary that we make what amends are possible, even at this late date. Many of the internees are still alive, and to acknowledge our wrongdoing without offering any reparation strikes me as a hollow penance.

The first lesson must never be forgotten. All of our institutions seem to have failed us at once after Pearl Harbor. Our civilian and military intelligence experts were ignored, though they concluded that internment was unnecessary. More than 150 years of experience with implementation of the Bill of Rights was shunted aside, including its most important lesson. That each person stands before our justice system as an individual, not as a member of a suspected class. Our courts, our civil rights leaders, the Congress, and the press all failed to function.

It is difficult—perhaps impossible—four decades later to replicate the fear and hysteria of those desperate days. And it is sobering to note that not only the enemy was capable of discarding the legacies of a humane and civilized history. Today, as we often attempt rational debates about military superiority, first strike capability, a credible deterrent, and survivability, we should think back on the internment events. War can affect our judgment and our moral sensibilities, despite the careful structure of our democratic safeguards and the lessons of the past.

But we can lay small claim to any remorse about this period if we do not act promptly to grant what redress is

still possible. The Japanese Americans in California were removed from their homes, had their careers interrupted or destroyed, were housed in wretched conditions, but most of all were deprived of their liberty without due process of law—without even a forum to assert their loyalty.

No less atrocious was the removal and internment of the Aleuts from Kiska and Attu Islands in June 1942. Though this removal was accomplished for military reasons and not out of fear of disloyalty, the conditions under which these people were maintained were dangerous and inhumane. Their loss has never been addressed by the Nation.

I wish to add my voice to those of my colleagues here and those who have spoken out over the last 40 years in protest of what we did to other Americans in the name of defending democracy. We were morally wrong, even judged by the skewed standards of wartime, and that wrong should be acknowledged and redressed.

The Commission's recommendations on appropriate remedies will be received in June, and will provide a starting point for our deliberations. Since there is little direct precedent in our history for these events, framing the right remedy will require much determination and hard work.

I hope that this morning's proceedings will bring some sense of comfort to the surviving victims of the internment during World War II. And I hope that we in the Congress will take prompt action to demonstrate our remorse in concrete terms after we have the Commission's recommendations in hand.

Mr. METZENBAUM. I note that my good friend, the distinguished Senator from New Jersey, the senior Senator, has come to the floor and I now yield to him 5 minutes.

THE INTERNMENT OF JAPANESE AMERICANS

Mr. BRADLEY. Madam President, in 1980, the 96th Congress established the Commission on Wartime Relocation and Internment of Civilians to study the internment and relocation of Japanese American citizens and resident aliens of Japanese descent during World War II. The Commission's report has been recently released and its conclusions deserve national attention. The Commission stated that:

> A grave injustice was done to American citizens and resident aliens of Japanese ancestry, who without individual review or any probative evidence against them, were excluded, removed and detained by the United States during World War II.

This tragic and shameful episode of our history should be discussed so that all Americans will never forget the gross injustices that occur when fear and prejudice have free reign.

On February 19, 1942, President Roosevelt issued Executive Order 9066 which ordered the relocation of Japanese Americans from the west coast. The Government removed over 120,000 Japanese American citizens and resident aliens of Japanese descent from their homes and relocated them in eastern areas, during World War II. Seventy percent of them were U.S. citizens. None had been convicted of any crime. Many people spent years in degrading internment camps.

The relocation program had drastic effects on the people involved. Japanese Americans had their homes and personal property abandoned, their careers and livelihoods hampered, and their personal and family lives disrupted. But, worst of all, Japanese Americans lost their liberty and civil rights that should have been protected under the laws of the United States. The Commission states that:

> All this was done despite the fact that not a single documented act of espionage, sabotage of fifth column activity was committed by an American citizen of Japanese ancestry or by a resident Japanese alien on the west coast

The Commission's report emphasizes three important factors that led to this tragedy: Widespread racial prejudice toward Japanese Americans both before and during World War II, the fear caused by the early Japanese military victories in the Pacific, and the common belief that ethnic Japanese in Hawaii collaborated with the attack on Pearl Harbor. Shamefully, the Federal Government did not try to refute these falsehoods or attempt to defuse the hatred that was being directed toward Japanese Americans. The Commission concludes that there was never any justification for the relocation and internment policies and that these policies continued beyond any rational time period. To quote the report again:

> By the participants' own accounts, there is no rational explanation for maintaining the exclusion of loyal Japanese ethnics from the west coast for the 18 months after May 1943—except political pressure and fear, . . . certainly there was no justification arising out of military necessity.

Despite the discriminatory policies, Japanese Americans served the United States with honor and distinction during the Second World War. Nisei (American-born citizens of Japanese descent) military units became the most decorated combat units in Europe during World War II. Many other Nisei served bravely in the Pacific Theater in military intelligence. The same people who had been ostracized and set apart because of their alleged anti-American beliefs served this country as bravely as any other Americans.

I urge all my colleagues in the Senate to read the findings of the Commission. I applaud the Commission for its careful and thought-provoking analysis of the relocation and internment policies. Above all, I hope that Americans will remember what happened to their Japanese American brethren. A heightened awareness of such tragic events is essential if we are to avoid a repetition of these shameful acts.

Madam President, as I said, a heightened awareness of such tragic events is essential if we are to avoid a repetition of these shameful acts. The Commission's findings should remind us all that there is a strain of prejudice that remains a part of each person and each nation.

I remember a friend of mine who spent his first 3 years of life in one of those internment camps, who later wrote a book about his experience called "American in Disguise." In traveling to discuss that book, he found himself one evening, an August evening, in the Midwest on a television call-in show in which he laid out in factual terms what had happened to him and his family when, in the middle of the night, they were taken from California inland so that they would not threaten the United States.

Madam President, as he described these facts in clear, unemotional terms, the phones were opened and callers began to express interest in what he said, many not knowing that, indeed, Japanese Americans had been interned; many outraged that this could have happened in America.

And then I suppose it was predictable, along came another strain of calls that forgot that the man who was speaking was an American, callers who alleged that, "If you had not bombed Pearl Harbor, you would not have gotten yourself into an internment camp."

Madam President, that "you" was born in an internment camp. He had nothing to do with Pearl Harbor, and was, in fact, more American, if what we mean by American are inclinations, attitudes, styles, hopes, and aspirations, than anyone who called in.

So, Madam President, I would suggest that this Commission's report should give us a moment of sober pause, a moment of introspection, a moment of commitment that this should never happen again in America, and that the only way we can be assured that it will not happen again is that each of us is vigilant in our own lives and in our relationships to give no countenance and no room for prejudice in America.

Mr. METZENBAUM. Madam President, I thank the Senator from New Jersey for taking the time to come to the floor and express himself on this issue of human rights. I appreciate his remarks.

Mr. ARMSTRONG. Madam President, the Commission on Wartime Relocation and Internment of Civilians has performed an important service to the people of the United States and

the free world in reviewing and reporting on our Government's actions toward Americans of Japanese descent during World War II.

It is appalling to realize that in the early 1940's—after over 160 years' experience with freedom—we in America utilized our self-governmental system to blatantly violate the personal rights and freedoms of thousands of our own citizens.

Nearly 800 years ago, the barons of England forced King John to agree to the Magna Carta and this event in 1215 is generally regarded as the great symbolic beginning of constitutional law. The Magna Carta declared: "No free man shall be taken, or imprisoned, or disseized, or outlawed, or exiled, or in any way destroyed, nor will we go upon him, nor will we send against him, except by the lawful judgment of his peers or by the law of the land."

Yet, in 1941, 726 years after the Magna Carta and a century and a half after our own bill of rights was adopted, we did "go upon" 100,000 Americans of Japanese descent and we "exiled" and "imprisoned" them and "destroyed" their rights. The Government arbitrarily ordered these people out of their homes and businesses and herded them into internment camps. The cost in human terms of this traumatic disruption of individual lives is incalculable as is the economic loss from disrupted businesses and disposal of property under fire-sale stresses.

For anyone who loves freedom, it is painful to admit that in a time of danger we turned our back on the lessons of a 1,000-year struggle to achieve freedom. How could this have happened?

Of course, we were at a moment of great crisis, having just sustained the devastating sneak attack on Pearl Harbor. The crisis atmosphere led to the signing of Executive Order No. 9066 on February 19, 1942, by President Franklin Roosevelt. That fateful action set the United States on the course that led to the forced evacuation of over 100,000 American citizens from their west coast homes, farms, and businesses and their internment in the Rocky Mountain States.

The Commission report traces the execution of the Executive order which gave the military the power to issue orders to civilians and impose sanctions on them for failure to comply. The Congress hurriedly moved to make violation of these orders a criminal offense and our Supreme Court upheld the legality of the orders to impose curfews and carry out the evacuation. One of the report's most disturbing aspects is the extent to which our self-governmental machinery was utilized to carry out these civil rights violations.

From our vantage point today, it is not really possible to appreciate the intense feeling of crisis that pervaded the Nation. The sudden possibility of invasion by a hostile military power resulted in hasty decisions in a climate of fear and suspicion.

However, one of the great lessons to come out of the relocation and internment experience as outlined in the Commission report is to realize that it is all too easy for free people to rationalize and accept human rights violations by our own Government in a time of crisis. Whenever people begin to rationalize and excuse the abridgement of individual rights because of an emergency—no matter how serious—they gravely imperil the free society and its constitutional protections against tyranny.

The rationale that led to Executive Order No. 9066 can be compared to the crisis thinking which led President Hindenburg on June 30, 1933, acting in a perfectly constitutional manner, to surrender the German Republic to Adolf Hitler. The powers given to Hitler on that day put Germany on the road that led inexorably to the disaster of the death camps and World War II.

There is another lesson to be learned from the tragic episode of our country's wartime internment camps. Is it not reasonable to conclude that whenever free people tolerate the idea that human rights violations that happen to others are acceptable for some reason, we begin a conditioning process of our own minds? It is a conditioning that can ultimately lead to a tolerance of the violation of human rights within our own country.

In the 1930's we ignored the anguished pleas of those who were being victimized by the Nazis. In so doing were we not innuring our consciences and dulling the good instincts that would have prevented the roundup and internment of 100,000 of our own people in a time of panic?

Today should we not ask ourselves if we are not once again in the process of ignoring brutal human rights violations that are occurring on an unprecedented scale in the Soviet block nations. I have, over the past few months, participated in hearings both here in Congress and in West Germany where emigres have testified as to the extensive use of forced labor behind the iron curtain. Their testimony has been supported by a recent report from the State Department on forced labor. It is now clear that from the 1930's to the present, the Soviet Union has used the labor camp as a means of methodically getting rid of dissidents and other troublesome people by simply working them to death.

The silence of many of our educational, religious, and political leaders and the media regarding the human rights violations of the leftist regimes throughout the world should be of great concern to Americans. Are we once again in the process of rationalizing our thinking, numbing our consciences, and scabbing over our hearts so that we can comfortably keep our heads in the sand? If we are, the lessons of the Japanese American internment camps will be lost.

Mrs. HAWKINS. Madam President, during World War II, at a time when the United States was enjoying heroic victories in Europe and the Far East, our country witnessed a shameful—and shaming—defeat right here at home: a defeat of justice, reason, and tolerance. Our war with the nation of Japan brought out the worst in us, whipping to a frenzy our most basic fears and frustrations, causing us to commit a most deplorable act of injustice against our fellow Americans. We allowed our Government to incarcerate 120,000 Japanese Americans for no sane reason and without any evidence of a crime or the least suspicion of disloyalty.

Perhaps Japanese Americans is the wrong term to use, for it implies, wrongly, a divided loyalty. These people were Americans—either American citizens or resident aliens who chose to adopt this country as their permanent home. These people were used as scapegoats because they had the misfortune to have emigrated from a country with which the United States was at war and, worse, whose language and customs were neither American nor the familiar Western European. Our punishment of these people was clearly an act of the most appalling racism and deliberate cruelty. But, then, fear and ignorance have always inspired atrocities.

Ironically, many Japanese Americans at that time were enlisted in our Armed Forces, fighting bravely with other Americans in Europe and the Far East. These Americans fulfilled their duty to their adopted country and, united with their fellow Americans, heroically fought a common enemy. My very distinguished colleague, the Senator from Hawaii (Mr. INOUYE) is such a hero. I commend him for his bravery and his deep loyalty.

Madam President, we have repeatedly condemned other nations for violations of human rights. Rightly so. but our own record on human rights is not entirely blameless. The report recently published by the Commission on Wartime Relocation and Internment of Civilians is evidence of that. It is indeed ironic that we bitterly condemn other countries for human rights violations of which we have also been guilty. We seem to have committed the "Do as I say, not as I do" fallacy.

Madam President, acts of racism, injustice, and intolerance are sinfully easy to commit yet painfully difficult to admit. Americans, however, are

known for their strength of spirit. I am confident that we will face the truth, but more is needed. We must resolve in our heart of hearts never to stand by and allow such deplorable acts to occur in our country again.

Mr. DIXON. Madam President, today's solemn activities commemorating the tragic events surrounding the relocation and internment of Japanese Americans during World War II are of vital importance. I am honored to join my colleague, Senator METZENBAUM, and others, in condemning the severe injustices to which more than 100,000 Americans were subjected during that period.

The 96th Congress mandated the formation of the Commission on Wartime Relocation and Internment of Civilans, which recently released its report. The Commission found that some 120,000 Japanese Americans were forcefully abducted, not to protect national security, but rather to satisfy deep prejudices. In the process, the FBI was virtually ignored, even though it had the most relevant intelligence data, and it recommended only a careful surveillance of certain suspected individuals.

These actions literally stripped tens of thousands of Americans of their property as well as their dignity. The entire process was a tragic error, and it is a stain on American values and constitutional liberties. It is important that we recognize this grave injustice, first as a renewed commitment to our fellow citizens of Japanese descent, and second as a reminder that these events should never happen again.

If we cover up past tragedies, we will never learn from them. This dark event must continue to remain in our minds to guide future generations away from repeating past mistakes.

Mr. LAXALT. Madam President, the suffering and tragedy inflicted on people during World War II remains unprecedented. Indeed, no other conflict more dramatically demonstrates the horrors of war or the strengths and weaknesses of mankind.

Although America emerged victorious from the war, our people suffered a great deal of anguish, both mental and physical. For some, the scars remain intact after nearly 40 years.

Some of our people, unfortunately, became victims of the war in a manner unique in American history. I speak of the American citizens of Japanese descent who were detained in "relocation camps" during the war.

These Americans became the unwitting victims of a policy born out of wartime fears and ignorance. The detention of these citizens, executed without consideration of their loyalty to the United States, was unbefitting the overwhelming majority of these devoted citizens.

It is truly witness to the gravity of the world situation in the early 1940's that the most cherished values held by all Americans were compromised at the expense of a segment of our citizenry.

I am sure that this experience has caused many Americans to ask themselves some very difficult questions: Why did this happen? Were our fears justified? Were Americans of Japanese descent unfairly singled out? How can we prevent this from happening again?

In seeking answers to these questions, we can gain a greater understanding of what America should stand for. Indeed, this experience poignantly serves as a lesson to all Americans that the principles upon which this country was founded—liberty, justice, and individual freedom—must be staunchly defended.

The point has been made and holds true now that if we forget the errors of the past, we are likely to repeat them in the future. No matter how distressing our national and international problems may be, we must never lose sight of our ideals, but rather stand together as one Nation.

It is gratifying to see that American history and remain an unquestioned and free part of American society. Their inspiring example instills in each of us the recognition that regardless of adversities, we must remain, first and foremost, Americans.

Mr. PACKWOOD. Madam President, on February 19, 1942, President Roosevelt signed Executive Order 9066, which led to the evacuation and detainment of over 120,000 Japanese American and Aleut citizens and resident aliens in relocation camps situated within the United States. In 1944, the Supreme Court upheld the detention and internment aspects of the order on three separate occasions. Forty years have passed since those events, and the process of understanding what happened and of redressing this injustice has begun. However, it is crucial for the Nation to realize the lesson to be learned from this event; namely, that popular passions erode civil liberties.

For years there have been questions concerning the internment of Japanese Americans during World War II. Now we know the whole story. The Commission on Wartime Relocation and Internment of Citizens has recently issued a report stating that the broad historical causes that shaped the decision were racial prejudice, war hysteria, and failure of political leadership. The exclusion, removal, and detention of these people inflicted tremendous human cost, not only in terms of professional and property loss, but in the loss of personal liberty for thousands of people who knew themselves to be devoted to American causes and ideals.

The injustice of excluding, removing, and detaining loyal American citizens is obvious. I do not believe, however, that this can be considered a totally isolated occurrence in American history. Here, as in other events throughout history, there was a supposed rationale for curbing civil liberties; namely, wartime military necessity. In the 1790's, there was a rationale for Congress passage of the Alien and Sedition Acts, as there was in the 1830's, when President Andrew Jackson violated first amendment rights by trying to prohibit abolitionist tracts into the South. In the 1950's, it was the threat of communism that permitted Senator Joseph McCarthy to usurp civil liberties in the name of national security.

The basic injustice of the wartime relocation of Japanese American and Aleut citizens should serve as an invaluable lesson both as we look back over our Nation's history and as we consider constitutional issues today. Intolerance, in the form of zealous attempts to purge America from perceived moral, social, or political menace, can wreck havoc upon fundamental American civil liberties.

Mr. PELL. Madam President, I would like to join with Senator METZENBAUM and my other colleagues in urging public examination of the recently published findings of the Commission on Wartime Relocation and Internment of Civilians.

The Commission released the first part of an historic assessment of our Government's treatment of ethnic Japanese living on the west coast and Aleutian Islands during World War II. The report's conclusions give rise to concern and warning to all Americans who cherish civil liberties. The freedom of all Americans is threatened whenever the rights of a minority are violated without due process.

The Commission concluded that removal of Japanese Americans and legal residents from their homes and their detention under armed guard was not justified for military reasons. Wartime hysteria ignited long smoldering embers of racial prejudice. The report found that political leaders responsible for protecting the rights of all American citizens neglected to defend ethnic Japanese during the period of internment.

I await the publication later this year of part 2 of the Commission's report, dealing with recommendations to Congress for redressing the injustice borne by Japanese Americans during World War II. I intend to rely heavily on this part of the report for determining the appropriate congressional response to this tragic chapter of American history.

Mr. BINGAMAN. Madam President, I want to commend Senator METZENBAUM for taking the initiative in organizing this colloquy. It was an apt response to Senator MATSUNAGA's

moving report on February 24 on this floor. The internment of over 100,000 people of Japanese ancestry in relocation centers at the start of World War II was a tragic event unique in our history and one from which we must learn. The publication of the findings of the Commission on Wartime Relocation and Internment of Civilians gives us an opportunity to reflect on a past mistake. This is not an easy or comfortable thing to do, but one which we Americans are bound in honor to do.

In looking back at this incident, I find it especially disturbing that the internment lasted so long in view of the lack of evidence substantiating such an action and considering the lack of screening criteria for the individuals to justify the military or security need of such actions. Our Constitution was simply suspended for one group of American citizens, a group whose sons meanwhile were fighting to defend this country. This is an action which should haunt us all.

I hope that an action such as the denial of personal and constitutional rights to these Japanese American citizens and resident aliens will never be repeated. But only by more fully understanding the historical causes and the political atmosphere which led us to such actions can we make sure that a repetition of such an event does not occur.

I want to emphasize the importance of this matter. I realize that nothing we can do or say here today can undo this history. However, I applaud Senator MATSUNAGA and Senator METZENBAUM again for bringing the Commission's report to our full attention. The outpouring of interest which we have seen here today is a sign that we as a nation are willing to learn from our mistakes. It is a sign of maturity and the basis for hope about our future.

Mr. RIEGLE. Madam President, I am pleased to join Senators METZENBAUM and MATSUNAGA, my other colleagues in addressing the painful issue of the internment of Japanese Americans in U.S. camps during World War II.

This regrettable incident is the focus of a recently released report of the U.S. Commission on the Wartime Internment and Relocation of Civilians. That report, the result of an extensive 2-year investigation, describes in detail the tragic effects of Executive Order 9066 on over 100,000 Japanese Americans. That order, asserting that the evacuation of Japanese Americans was a "military necessity" and vital to our national security interests, resulted in the forcible relocation of thousands of innocent Japanese Americans, 70 percent of whom were American citizens, from the west coast to internment camps in desolate areas of the central United States.

Forty years later, with not a single incident of a Japanese American attempting to aid the enemy having been documented, it is clear that the "military necessity" claims of our Government were unfounded. What this incident also makes clear is the ease with which the civil liberties and individual freedoms we enjoy can be usurped. For Japanese Americans, the rampant rumors of a Japanese invasion and war hysteria were enough to establish the guilt of American citizens simply because of their Japanese ancestry.

In his testimony before the Commission in 1981, the late Supreme Court Justice Abe Fortas said of the event:

It is a sad and nationally humiliating story. I believe the mass evacuation of those of Japanese ancestry and their prolonged detention was a tragic error, and I cannot escape the conclusion that racial prejudice was a basic ingredient.

As we await specific Commission recommendations on appropriate reparations to the internment victims, we must focus on the larger issue of usurped freedoms and how to prevent the recurrence of this dark moment in our history. We must insure that, in our haste to protect ourselves from our perceived enemies, we not do ourselves an even greater injustice by trampling those very principles which make this Nation great.

Mr. METZENBAUM. Madam President, at this time, I yield 5 minutes to my very good friend, a man who has brought so much of this to our attention, the Senator from Hawaii (Mr. MATSUNAGA).

Mr. MATSUNAGA. Madam President, I thank the distinguished Senator from Ohio for yielding and for taking the leadership in organizing the special orders for this morning to call to the attention not only of this body but of the Nation the report entitled, appropriately, "Personal Justice Denied." It is, of course, the report of the findings of the Commission on Wartime Relocation and Internment of Civilians in World War II.

As one of only two citizens of Japanese ancestry in the Senate, I suppose I feel a bit more akin to what happened to the 120,000 Americans of Japanese ancestry in World War II who were relocated from the west coast.

As an officer in Uncle Sam's uniform 6 months prior to Pearl Harbor, I was serving in the capacity of acting company commander, commanding a company of infantrymen on one of the islands of Hawaii during the attack on Pearl Harbor. I might relate this funny incident: It was on December 7, Sunday morning, 1941, that with three of my sergeants, I was about to leave the camp on a hunting trip. Molokai has good hunting grounds for deer, I might point out to any interested listener.

It was early Sunday morning and there was this plane flying overhead, apparently an observation plane. I remarked, "By heavens, the maneuvers are getting realistic; look at it. They have the Rising Sun painted on the wings and fuselage."

Within a matter of a few minutes, we could see Pearl Harbor billowing in smoke, about 16 miles away. We had the radio tuned in, and it said, "This is the real McCoy; Pearl Harbor is being attacked by the Japanese."

At that time, no question was raised at all. We were all in Uncle Sam's uniform, regardless of race or ancestry. We fought side by side in dugouts, and no one raised any questions about our ancestry. We were all Americans.

But then, as the Japanese action near Hawaii slackened, and invasion of the Islands became a remote matter, orders were issued by the War Department that all American soldiers of Japanese ancestry must turn in their arms and ammunition and prepare to be sent to God knew where.

Although I was an officer, I too was asked to turn in my arms. I did comply and, within 72 hours, we found ourselves sailing aboard a troopship, a converted freighter called the SS *Maui*, sailing to destination unknown. Because we were stripped of all our arms and ammunition—there were 1,560 of us—we thought we were headed for a concentration camp.

When we landed at Oakland, Calif., we were put aboard a troop train. It was the first time we rode a train; you see, we do not have any passenger trains in Hawaii. But we rode in style in Pullmans. But during the day, we could not peek out. It was an entirely secret move into the hinterland.

When the train finally came to a screeching halt, and we were told we had reached our destination, we looked out of the windows and the first thing we saw was a barbed-wire fence. The pessimists were right, we said; we were headed for a concentration camp.

We soon learned that our destination was Camp McCoy, Wis. The barbed-wire fences held the two prisoners of war whom our men had captured at Waimanalo Bay over on the island of Oahu. These were the two Japanese sailors who had landed at Waimanalo beach by mistake, thinking it was Pearl Harbor. We—1,650 of us—were given wooden guns and our first task was to guard these two prisoners of war.

We petitioned the President of the United States to give us a chance to prove our loyalty and to be sent against the Japanese. Our petition was heeded, but we were organized into a battalion and sent, instead, to North Africa. From there, we were in the second wave of the invasion at Salerno, Italy.

When we fought the enemy beyond all expectations, as the Nisei 100th Infantry Battalion, the War Department decided to organize a new infantry regiment of Japanese Americans and called for volunteers. Within 2 weeks over 10,000 Niseis had volunteered—many from the relocation camps in which they were prisoners. The 442d Infantry Regimental Combat Team was thus born, and the 100th Infantry Battalion, of which I was a member, became its 1st battalion.

It is now part of American history that the 100th battalion, which was nicknamed "The Purple Heart Battalion," and the 442d Regimental Combat Team established themselves as the most decorated combat team in the military history of the United States.

But while we were fighting at the front, many of our family members were still confined in American-style concentration camps.

Madam President, I am heartened by the support of my colleagues here this morning on the Commission's report. There is a thread to our history—a silver lining, if you will—that when we Americans have fallen short in living up to the ideals upon which the Nation was founded, we have had "the saving grace" to recognize our failures without equivocation and to address them. I am led to believe that such will be the case facing this ignoble instance of our history.

Madam President, I have circulated to my colleagues the initial article in an outstanding series that appeared in the Washington Post, December 5 through 9 last year, by writer Fred Barbash. In succinct and human terms, this series has summarized much of the ground covered by the Commission report although it is based upon original reportage undertaken by the newspaper itself. Incredible and unforgettable stories are presented: An internment camp youngster goes over a fence chasing a ball and is shot and killed; a 442d Infantry Regiment soldier in U.S. Army uniform on home leave visits his family behind barbed wire fences in an American relocation camp. It is a sad but absorbing account of a people uprooted and scattered as a matter of official Government policy.

The origins of that policy constitute a dark chapter in our history deserving of the reflection shown on this floor this morning. We have yet to completely exorcise the demons of racial prejudice and fear in our country as was pointed out by the Senator from Ohio. What is most significant about the statements made on the Senate floor this morning is that our Nation's political leaders are taking the lead to rectify a grave error for it is an undeniable fact that political leadership was lacking during that war with respect to justice for Japanese Americans.

There were brave voices raised in opposition but they were not heeded. In early February 1943, FBI Director J. Edgar Hoover analyzed the mass evacuation proposal urged by California officials and the Army Western Defense Command for Attorney General Francis Biddle. He concluded:

> The necessity for mass evacuation is based primarily upon public and political pressure rather than on factual data. Public hysteria and, in some instances, the comments of the press and radio announcers, have resulted in a tremendous amount of pressure being brought to bear on Governor Olson and Earl Warren, attorney general of the State, and on the military authorities.

"Local officials, press, and citizens have started a widespread movement demanding complete evacuation of all Japanese, citizen and alien alike," Director Hoover's memo to Mr. Biddle observed.

Madam President, this movement was successful in interning 120,000 people—70 percent of whom were native-born Americans—despite the complete lack of evidence of any military justification for the undertaking. Whatever reservations the Attorney General may have had, he did not argue to the President that the Constitution prohibited exclusion of Japanese Americans from the west coast simply on the basis of ethnicity, given the facts on the west coast.

Madam President, the personal justice, denied Japanese Americans as a result of the World War II mass evacuation and internment was a violation of the freedoms for which all Americans fought in that war. The group injustice has been recognized by my colleagues here this morning. We await, however, the second installment of the Commission's report in June on the matter of how this injustice now can be rectified.

Madam President, never again should this dark period of our history be repeated. It is for this reason that I feel that the story of the Japanese Americans should be told and retold, that this great country of ours will never again subject any group of Americans to the same indignity and injustice strictly on the basis of ethnicity, as were the Japanese Americans in World War II.

I thank the Senator from Ohio once again. I yield the floor.

Mr. METZENBAUM. Madam President, I know the Senate is scheduled to recess at noon. I yield to the distinguished Senator from New York all of the remaining time, with the exception of 1 minute which I reserve to myself.

Mr. MOYNIHAN. I thank my friend from Ohio.

Madam President, I am honored to be on the floor with my friend and classmate, the Senator from Hawaii (Mr. MATSUNAGA), to whom I shall speak directly as well as for the purposes of the CONGRESSIONAL RECORD. First, I thank Senator METZENBAUM, whose thought this was, that we should address this most important issue today.

The Senator from Hawaii may know that, in my academic career, I have taken a particular interest in American ethnic history. Let me first say to him that I hope he is right when he says the clear injustice done the Japanese Americans in the internment during World War II, and the special treatment given Japanese American soldiers in the armed services of the time, never could happen again. But this is only going to be the case if we have learned the lesson this episode of American history teaches. We could have learned it in the last century and did not.

A similar challenge to the American Constitution arose during the Mexican-American War, when there were elements in the Army that were tremendously concerned about whether Irish Catholics should be enlisted on the ground that they would not fight against a "Catholic power"—Mexico.

The doctrine of General DeWitt, that enthnicity determined loyalty, is a very old idea. It is a consistently wrong one, but also a persistently attractive one.

Madam President, if there is a single fact that emerges from this volume "Personal Justice Denied" it is the truth of Edmund Burke's proposition that:

> The only thing necessary for the triumph of evil is for good men to do nothing.

For this report is a litany of men who have acquired a hallowed state in American national life—of Franklin D. Roosevelt, who would not let these Americans out of concentration camps until his fourth term in the Presidency was guaranteed; of John J. McCloy and Henry Stimson, who thought it a bad idea but would do nothing about it.

Those of us in the political world should take note of this lesson and know that none of us needs to be perfect in order to have been great. Certainly there were imperfections at that time, but they were overcome. We are a better, more tolerant society today, and shall, I hope, continue to improve.

None more nobly represents that tradition in this body than the Junior Senator from Hawaii (Mr. MATSUNAGA). It is an honor to serve with him and to note that the most important response of the Japanese-American community to their internment was, to become, in one generation, the most educated and professionally highest ranking ethnic community in the United States of America. As well as any other, they today define what it means to be an American.

Mr. MATSUNAGA. I thank the Senator.

Mr. MOYNIHAN. I thank my good friend from Ohio.

Mr. METZENBAUM. Madam President, I thank the Senator from New York, who joined us in this colloquy this morning.

I appreciate the remarks of the distinguished Senator from Hawaii, who really is the one who brought up the entire subject to strike at the conscience of all of us in raising this issue.

Madam President, I have sent to the desk a statement by the Senator from Vermont (Mr. LEAHY), and I ask unanimous consent that that statement, as well as the others I have offered previously on behalf of other Senators, be included in the RECORD as if actually delivered on the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METZENBAUM. Madam President, I ask unanimous consent that such other Members of the Senate who desire to do so may be permitted to include their statements in the RECORD during the remainder of the day and that their statements be included immediately following all those heretofore delivered or heretofore submitted for the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METZENBAUM. Madam President, I believe that concludes our debate on this subject today.

I appreciate the cooperation of the leadership in making it possible for us to have these 2 hours to engage in this discussion.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER (Mr. LUGAR). Under the previous order, there will now be a period for the transaction of routine morning business, not to extend past 12 noon, in which Senators may speak for not more than 2 minutes each.

THE GREAT SPANISH ADVENTURE

Mr. MATHIAS. Mr. President, shortly after the recess, the Judiciary Committee will consider S. 500, the Christopher Columbus Quincentenary Jubilee Commission bill. This legislation, first introduced in the 97th Congress, seeks to establish a commission to insure significant observance of the 500th anniversary of the discovery of the New World.

The anniversary observance also has important international dimensions and nowhere are they more obvious than in Spain, the land which made possible the voyages of exploration, the land from which Christopher Columbus embarked and the land whose rich culture nourishes so many nations of the Western Hemisphere.

Last fall a Senate delegation visited Granada in order to initiate contact and cooperation with the various governmental and nongovernmental organizations in Spain that are working to make the 500th anniversary a major cultural event. During that visit, we were welcomed by Ambassador Enrique Perez-Hernandez, then vice president of the Instituto de Cooperacion Iberamericana. In his welcoming speech the Ambassador provided us with fascinating details of the events that preceded the voyages of discovery. More importantly, however, he gave us valuable insight into how the Spanish people view this "great Spanish adventure".

I ask unanimous consent that Ambassador Perez-Hernandez' speech be printed in the RECORD for the pleasure and edification of Members of Congress.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

ADDRESS BY AMBASSADOR PEREZ-HERNANDEZ

I would like to begin by extending a very warm welcome to our eminent guest from the United States of America on behalf of the National Commission for the Celebration of the 500th Anniversary of the Discovery of America, which I have the honour of presiding over as vice-president.

We are not ten years away from a most important date for Spain and for many of the countries of the Americas. The 12th of October of 1992 will represent the 500 year mark since the discovery of the New World by the three Caravelles of the Spanish Armada, under the command of "Capitán" Cristóbal Colón.

It gives me great pleasure to address you here today in Granada, this beautiful city where, on the 17th of April in 1492 at the gates of Sante Fe, the famous "capitulaciones" which would form the "Carta Magna" of the Discovery were signed.

The venture proposed by Cristóbal Colón, which had been spurned as a dubious enterprise by other countries such as Portugal, France and England, would be wholeheartedly supported by the Spanish Crown, after seven long years of persistence on the part of Colón in Spain.

As our friend Senator Mathias expressed last May in the American Senate after introducing a bill for the establishment of the Christopher Columbus Quincentenary Jubilee Commission: "Clearly what Columbus undertook and accomplished was no mere accident. He had an indomitable will to achieve the impossible in spite of tremendous opposition and unimaginable odds. His belief in himself and his mission was enough to enlist the support of an enlightened Queen Isabella of Spain, and that, in turn, was enough to change the course of history."

In general terminology, the "capitulaciones" were agreements or treaties established beteeen the Monarchy and an individual subject, usually with the purpose of discovering and colonizing new lands.

In the instance of the Capitulaciones of Santa Fe, these were preceded by lengthy, obstacle-ridden negotiations, not only due to the uncertaintly about the results of the undertaking, but also because of Colón's demands that, should his mission succeed, he be named Admiral of all the islands and lands discovered under his command, that he be named Viceroy of these lands and consequently receive ten percent of all the riches and fruits of trade drawn from the new land. Colón was well acquainted with the legal disputes that had arisen out of the trading with India. Finally, he demanded the right to claim one eighth of the cargo capacity of each ship sent to the new lands and hence one eighth of the benefits derived thereof.

Upon signing the "capitulaciones", the Catholic Kings offered Colón total protection. At the same time, four important bylaws were decreed in order to assist the expedition. Colón was also granted two safe-conduct passes bestowing on him the high rank of Special Ambassador of the Catholic Kings, should he meet up with the Great Khan or any other dignitary during his voyage.

One must interpret the "capitulaciones" of Santa Fe as the legal seed of what would later be the Great Spanish Project in the New World. These "capitulaciones" reflected the first application of ideas concerning the possession, government and commerce of the future discoveries and conquests.

Colón's discovery, and the subsequent discovery by Magallanes in 1520 of the Southern Sea—later to be called the Pacific—proved that indeed America was a continent geographically independent of Asia.

However, the adventure of Spain in the New World would represent much more than a sensational find, more than a formidable conquest, and more than the mere possession of new lands and treasures. Above all, it involved a slow, patient, constant and persistent construction of a new society, a new idea of state, a new culture and new institutions which blossomed with the fruit of their activities—a creation unique in the history of mankind. These were the American societies, American states, and American cultures, already structured according to their basic and essential elements long before the hispanic nations attained their Independence.

At this point I would like to draw your attention to the special concept of "state" which existed in Spain at the time of the discovery and during the era of the conquest. The kings were the heads of various political entities—Castilla, Aragón, Valencia, etc.—which were united by right and almost always in fact by the Crown alone. "These Kingdoms" is the expression most commonly used in official documents at that time to designate Spain. Thus it can be deduced that the Spanish concept of the organization of the Americas could not have been that of "colonies". The newly discovered and conquered lands could not be considered property of Spain, but rather represented a continuation of "those kingdoms" with the same status as the "kingdoms" of the Iberian peninsula, and this system of collective Spanish societies united the American nations both among themselves and with the European monarchy through the figure of the King himself.

This peculiarity led to the creation of a new civilization—the consequence of a symbiotic relationship between the indigenous American cultures and the Spanish one with its Greek-Latin-Jewish elements. It was a new society the political and economic elements of Europe were mixed together with those of the indigenous communities, and where racial and cultural hybrids predominated.

The great Spanish adventure was the work of Spaniards—that is, of all the subjects of the Spanish Crown, which at that time included the inhabitants of both the peninsula and the islands. All of them col-

laborated in the creative evolution of the Americas and in the propagation of the Castillian language as the common denominator of the great Hispanic sovereign.

The Catholic Kings took care to ensure that only Spaniards should be sent to the New World, so as to keep the influence pure, and that any small groups of foreigners venturing to America be quickly integrated into the mainstream of the general project.

For all these reasons, and without detracting from the importance of the role of Cristóbal Colón, we must give greater recognition to the multi-secular work of the Spanish people who, as a whole, left an indelible mark on the New World with their blood, their language, their religion, and their culture.

In closing I would like to quote the words of President Ford during the visit of Their Majesties, the King and Queen of Spain, to the United States in June of 1976: "The contributions, we all know in America, of the people of Spain to the new world are to be found throughout our entire country. The Spanish explorers ventured into the unchartered wildernesses of our continent long before independence of the United States. Many, many American towns and cities . . . bear Spanish names. Much of our architecture reflects the distinctive quality of Spanish artistry. Many thousands of American families proudly bear names reflecting their Spanish ancestry. . . . In 1492, Columbus claimed America for a Spanish King and Queen. Today, nearly 500 years later, a King and Queen of Spain have come themselves to America not to claim it but to join with us in affirming the common ideals which make all of us citizens of the western world."

ADMINISTRATION'S NATURAL GAS DECONTROL PROPOSAL

Mr. EXON. Mr. President, it was my privilege to make some remarks recently to the Senate Committee on Energy and Natural Resources with regard to the administration's natural gas decontrol proposal.

I ask unanimous consent that those remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR J. JAMES EXON

Mr. Chairman and Members of the Senate Energy Committee, I appreciate the opportunity to voice my concerns regarding the Administration's proposal to remove all price ceilings on natural gas.

I am not impressed with the President's proposal which, on balance, favors producer interests. Consumer protection offered by the proposal is fleeting and only raises false hopes. The proposal once again confirms the suspicion that the Administration's concept of "free market" means that producers are "free" to do whatever they please.

PRICE CONTROLS

My first concern is with the Administration's plan to completely lift price ceilings on all "old gas." A recent Library of Congress study conducted at my request has indicated that the top 26 major energy producers control nearly all of this category of natural gas. Even with price controls which hold "old gas" below the average market price for other categories of natural gas, major energy producer gross revenues have doubled since 1978 from sales of natural gas.

In 1978, gross revenues from natural gas for these companies was $9.3 billion. In 1981, this figure rose to $17.8 billion.

With "old gas" selling for around $1.50 per Mcf, removing the price ceiling would raise this price to $3 or $4 per Mcf. Reports in the media have suggested that this could result in a windfall to the major oil companies of nearly $40 billion.

Big Oil would once again be the winner, and America's consumers would once again bear the burden of this windfall.

Those consumers hurt the worst would be those who are serviced by pipeline companies which have large supplies of "old gas" under contract. The Administration's proposal would allow producers to break existing contract with the pipelines and charge the higher price.

CONTRACTS

A few weeks ago, FERC Chairman, Charles Butler, reported that producers have been unwilling to renegotiate contracts with pipeline companies despite changing market conditions. The Administration's proposal only encourages producers to further resist renegotiation efforts. Producers would be more inclined to hold out for decontrol to take effect when higher selling prices would be available and producers could walk away from contract obligations to sell gas to the highest bidding pipeline.

The Congress has sought to encourage pipelines and producers to sit down and renegotiate supply and price terms in existing contracts to more accurately reflect current market conditions. These contracts have placed the industry in a straight-jacket which requires both parties to remove. However, if producers are unwilling to voluntarily renegotiate, and the Administration bill further encourages resistance to voluntary efforts, the Congress can only be forced to act on this matter. It had been hoped that the industry would "keep its own house in order," however, results to date appear to be quite disappointing. Although a handful of pipelines have been successful in negotiating with suppliers, the Administration's proposal certainly will not encourage this process.

CONSUMER PROTECTIONS

The Administration's so-called "consumer protection" provisions are temporary and threaten reliable consumer service in many instances.

The proposal would create a new layer of bureaucracy at the FERC, a board which is already dominated by producer-state members, which only serves to delay the pass-through of wellhead price increases charged to pipelines by producers. This delay mechanism is only temporary and would, under the Administration plan, evaporate completely after 1985, leaving absolutely no regulatory review of rates once total price decontrol is implemented.

The proposal throws the entire risk of gas acquisition onto the pipeline. Once again, the producer bears no risk, is insulated from "market signals," and is permitted to extract the highest allowable selling price.

Consumers served by pipelines with large "old gas" supply contracts stand to lose the most under the Administration's plan. As "old gas" supply is depleted and the pipeline's "gas mix" includes more higher cost "new gas," increases in prices for these pipelines would be higher than those pipelines which already utilize higher priced gas in their system. Thus pipelines which have kept cheaper "old gas" in their system would be penalized and may adversely affect service to the customers of these pipelines.

An additional concern about the Administration's "price cap" is that for these same pipelines with "old gas" in their system the "cap" could actually result in higher prices than the Administration contends. Again, as more and more higher cost gas comes into a system which has relied upon cheaper "old gas," average new contract prices or renegotiated prices which would be used as the basis of the Administration's proposed "cap" could actually be higher than current ceiling prices.

CONCLUSION

I would urge the Committee to carefully consider the implications of the Administration's proposal. It is based upon an unwise premise that low oil prices are here to stay. With world oil prices influenced greatly by the "artificial" pricing system of the OPEC cartel, I would question the wisdom of tying domestic gas prices to OPEC's world oil pricing scheme.

The nation's homeowners cannot benefit from total decontrol. Residential users have no alternative when it comes to heating their homes in the winter. Fuel switching is not a reasonable alternative that is available to homeowners. Agriculture is another captive user. Last year, a Library of Congress study conducted at my request indicated that farm production costs could increase by $2.5 billion under a total decontrol plan.

I would urge the Committee and the Senate to reject the Administration's proposal. Any legislation considered must respect the appropriate balance between protecting consumers from unreasonable and artificial price hikes and the need to encourage production to meet consumer demands.

I thank the Committee for its consideration of my remarks. I would ask that the recent Library of Congress study on "Natural Gas Revenues of Major Energy Companies" be included in the record following my remarks.

CONGESSIONAL RESEARCH SERVICE—THE LIBRARY OF CONGRESS

NATURAL GAS REVENUES OF MAJOR ENERGY COMPANIES 1977–81

Natural gas sales provide a significant portion of major energy company revenues from their combined sales of domestic natural gas and crude oil. In 1977 and 1978, prior to the world oil price shock of 1979, gas accounted for over 30 percent of their revenues from sales of domestic natural gas and crude oil. In 1980 and 1981, the gas share of these revenues levelled off at about 22 percent. The importance of domestic natural gas to major energy companies is highlighted, also, by the fact that these companies account for approximately half of the volume of natural gas marketed in the United States and of proven natural gas reserves in the country.

This report presents an analysis of the levels and trends of natural gas revenues of of 26 major U.S. energy companies for the period 1977 through 1981.[1] The companies

[1] The major energy companies are those required to report company financial data to the U.S. Department of Energy, Energy Information Administration (EIA) on Form E1A-28: Financial Reporting System. The companies were chosen by EIA from the top 50 publicly held domestic crude oil producers in 1976, who accounted for at least 1 percent of either production or reserves of oil, coal, or uranium; or one percent of oil production, refining ca-

are those whose corporate financial data are reported to the U.S. Department of Energy, Energy Information Administration for its Financial Reporting System (FRS). The period under review is constrained by the availability of FRS data. Nevertheless, the period extends from the year immediately prior to enactment of the Natural Gas Policy Act of 1978 (NGPA) through most of the period during which NGPA pricing has been in effect, and during the period of sharply rising crude oil prices from 1979 through mid-1981. All of the data discussed herein treat only revenues, production, and reserves for domestic oil and gas operations of the FRS companies.

1. Trends in Natural Gas Revenues of Major U.S. Energy Companies, 1977-81.—Since 1977, the major U.S. energy companies have experienced a more than twofold growth in operating revenues derived from their sales of domestically produced natural gas since 1977. In 1977, the 26 energy companies had gas revenues of about 8.2 billion dollars. Preliminary data for 1981 indicate that their gas revenues had increased to about 17.8 billion dollars, or 2.2 times that of 1977. These data are presented in Table 1.

TABLE 1.—REVENUES FROM THE SALE OF DOMESTIC NATURAL GAS OF MAJOR ENERGY COMPANIES, 1977–81 [1]

[Dollars in millions]

Year	Natural gas revenues	Year-to-year change	Percent change
1977	$8,174		
1978	9,258	$1,084	11.7
1979	11,491	2,233	19.4
1980	13,991	2,500	21.8
1981 [2]	17,782	3,791	27.1

[1] The major energy companies are those selected for inclusion in the Financial Reporting System (FRS) of the U.S. Department of Energy, Energy Information Administration. The companies are: Amerada Hess, American Petrofina, Ashland Oil, Atlantic Richfield, Burlington Northern, Cities Service, Coastal States, Conoco, Exxon, Getty Oil, Gulf Oil Kerr-McGee, Marathon Oil, Mobil, Occidental, Phillips Petroleum, Shell Oil, Standard Oil of California, Standard Oil of Indiana, Standard Oil of Ohio, Sun Company, Superior, Tenneco, Texaco, Union Oil of California, and Union Pacific.

[2] Preliminary data.

Source: U.S. Department of Energy, Energy Information Administration. Office of Economics and Statistics. By telephone communication, March 3, 1983.

Over the entire five-year period, combined gas revenues of the 26 companies increased at an average annual rate of 21.5 percent. In general, however, gas revenues grew at an increasing rate over this period: in 1978, the change in gas revenue was 1.1 billion dollars; in 1979, 2.2 billion dollars; in 1980, 2.5 billion dollars; and, in 1981, 3.8 billion dollars.

This acceleration in the growth of gas revenues reflects the phased decontrol of gas prices allowed by NGPA, and the response of producers away from controlled to decontrolled gas sources. From 1978 through 1981, gas revenues from sales of domestic gas by the 26 major companies grew at an annual rate of 24.3 percent.

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pacity, or petroleum product sales. These companies are: Amerada Hess, American Petrofina, Ashland, Atlantic Richfield, Burlington Northern, Cities Service, Coastal States, Conoco, Exxon, Getty Oil, Gulf Oil, Kerr-McGee, Marathon Oil, Mobil, Occidental, Phillips Petroleum, Shell Oil, Standard Oil of California, Standard Oil of Indiana, Standard Oil of Ohio, Sun Company, Superior, Tenneco, Texaco, Union Oil of California, and Union Pacific.

Source: U.S. Department of Energy. Energy Information Administration, Energy Company Development Patterns in the Post Embargo Era. Volume 1, October 1982, Washington, D.C., p. 99.

2. Share of Natural Gas Revenues in Combined Revenues from Sale of Domestic Oil and Gas of Major Energy Companies, 1977-81—Natural gas revenues of the 26 major energy companies were approximately 30 percent of their combined revenues from sales of domestic crude oil and natural gas in 1977-79. In 1980, this share declined to 23.5 percent, and, in 1981, to 22.5 percent. These data are presented in Table 2.

TABLE 2.—NATURAL GAS SHARE OF COMBINED REVENUES OF DOMESTIC CRUDE OIL AND NATURAL GAS OF MAJOR ENERGY COMPANIES, 1977–81 [1]

[Dollars in millions]

Year	Domestic natural gas revenues		Domestic crude oil revenues [2]		Combined natural gas and crude oil revenues	
	Amount	Percent	Amount	Percent	Amount	Percent
1977	$8,174	30.8	$18,374	69.2	$26,548	100.0
1978	9,258	31.6	20,057	68.4	29,315	100.0
1979	11,491	29.7	27,219	70.3	38,710	100.0
1980	13,991	23.5	45,547	76.5	59,538	100.0
1981	17,782	22.5	67,216	77.5	84,998	100.0

[1] The major energy companies are those selected for inclusion in the Financial Reporting System (FRS) of the U.S. Department of Energy, Energy Information Administration. The companies are: Amerada Hess, American Petrofina, Ashland Oil, Atlantic Richfield, Burlington Northern, Cities Service, Coastal States, Conoco, Exxon, Getty Oil, Gulf Oil Kerr-McGee, Marathon Oil, Mobil, Occidental, Phillips Petroleum, Shell Oil, Standard Oil of California, Standard Oil of Indiana, Standard Oil of Ohio, Sun Company, Superior, Tenneco, Texaco, Union Oil of California, and Union Pacific.

[2] Preliminary data.

Source: U.S. Department of Energy, Energy Information Administration. Office of Economics and Statistics. By telephone communication, March 3, 1983.

Two factors, in particular, explain this decline in the share of natural gas revenues. First, both domestic and world oil prices rose sharply from 1979 through mid-1981. Second, natural gas price controls prior to NGPA and constraints imposed by NGPA restrained the growth of revenues from gas.

Between 1979 and mid-1981, both world and domestic oil prices rose sharply and persistently. The average refiner acquisition cost of imported crude oil was essentially constant in 1977 and 1978 at approximately $14.55 per barrel. In 1979, prices for imported crude rose more than seven dollars per barrel, and, in 1980, by an additional twelve dollars per barrel. In 1981, the increase in imported crude moderated, and the price rose three dollars per barrel. Over the period, 1978 through 1981, therefore, imported oil prices more than doubled, rising at an annual rate of 36.5 percent from $14.57 to $37.05 per barrel.

Over this period, domestic crude oil prices increased as well despite controls on them through January 1981. In 1977 and 1978 national average domestic wellhead prices were in the range of $8.50 to $9.00 per barrel, but rose to $12.64 in 1979, $21.59 in 1980, and $31.77 in 1981. Thus, domestic crude prices increased nearly fourfold in this period at an annual rate of 53.5 percent. The average value of a barrel of domestic crude oil sold by the 26 major companies was generally lower than the national average domestic wellhead price, rising from about $8.30 per barrel in 1977-78 to $29.10 in 1981 at an annual rate of 51.8 percent. These data, published by the Energy Information Administration (EIA) or compiled from EIA data, are presented in Table 3.

These sharp increases in oil prices far exceeded the growth in both national average wellhead prices for natural gas and the average value of natural gas marketed by the 26 major energy companies. The national average wellhead price of gas rose from $0.79 per thousand cubic feet (mcf) in 1977 to $1.98 per mcf in 1981 at an annual rate of 25.8 percent. The average value of natural gas marketed by the 26 companies rose at an annual rate of 25.1 percent from $0.73 per mcf in 1977 to $1.79 per mcf in 1981. These data are also shown in Table 3. That natural gas prices rose more slowly than crude oil prices is a result of the very complex schedule of allowable prices under NGPA, as well as the pricing provisions of long-term contracts entered into by natural gas pipelines to acquire gas.

These trends in prices of both oil and gas explain for the most part why the gas share of total domestic gas and crude oil revenues of the 26 major energy companies fell. Clearly the gas share declined, because domestic oil prices rose twice as fast as natural gas prices. Reinforcing this conclusion is the fact that the volumes of both domestic gas and crude oil were essentially constant throughout the period, with the sole exception of a 15-percent increase in crude oil volume in 1978 (see footnotes to Table 3).

TABLE 3.—VALUE OF DOMESTIC NATURAL GAS AND CRUDE OIL AND IMPORTED CRUDE OIL-NATIONAL AVERAGE AND AVERAGE VALUE OF SALES OF MAJOR ENERGY COMPANIES, 1977–81 [1]

Year	Dollars per thousand cubic feet		Dollars per barrel		
	Domestic natural gas wellhead price	Average value of natural gas of major energy companies [2]	Imported crude oil [3]	National average domestic crude oil price [4]	Average value of crude oil of major energy companies [5]
1977	0.79	0.73	14.53	8.57	8.36
1978	.91	.85	14.57	9.00	8.27
1979	1.18	1.07	21.67	12.64	11.25
1980	1.59	1.39	33.89	21.59	19.02
1981	1.98	1.79	37.05	31.77	[6] 29.10

[1] The major energy companies are those selected for inclusion in the Financial Reporting System (FRS) of the U.S. Department of Energy, Energy Information Administration. The companies are: Amerada Hess, American Petrofina, Ashland Oil, Atlantic Richfield, Burlington Northern, Cities Service, Coastal States, Conoco, Exxon, Getty Oil, Gulf Oil Kerr-McGee, Marathon Oil, Mobil, Occidental, Phillips Petroleum, Shell Oil, Standard Oil of California, Standard Oil of Indiana, Standard Oil of Ohio, Sun Company, Superior, Tenneco, Texaco, Union Oil of California, and Union Pacific.

[2] Computed by dividing total natural gas revenues by total marketed production. The revenue and production data are:

Revenues and production: 1977—$8,174 million, 11.19 billion cubic feet; 1978—9,258 million, 10.87 billion cubic feet; 1979—11,491 million, 10.71 billion cubic feet; 1980—13,991 million, 10.05 billion cubic feet; and 1981—17,782 million, 9.95 billion cubic feet.

[3] The values are the Refiner Acquisition Prices.

[4] The values are the domestic crude oil wellhead prices.

[5] Computed by dividing total crude oil (including lease condensate and natural gas liquids) revenues by total marketed production. The revenue and production data are:

Revenues and production: 1977—$18,374 million, 2,196.7 million barrels; 1978—20,057 million, 2,424.7 million barrels; 1979—27,219 million, 2,419.3 million barrels; 1980—45,547 million, 2,394.5 million barrels; and 1981—67,216 million, 2,310.2 million barrels.

[6] Preliminary data.

Compiled by CRS using as sources: U.S. Department of Energy. Energy Information Administration. Monthly Energy Review, November 1982. U.S Department of Energy. Energy Information Administration. Office of Economics and Statistics. By telephone communication, March 4, 1983.

3. Additional Observations and Caveats.—The data show clearly that gas is a very significant element of the upstream (or resources extraction) operations of major energy companies, most of which are oil companies. Their gas revenues have risen marketly since 1977. Their gas revenues account for more than a fifth of their combined gross revenues from the sale of domestic crude oil and natural gas; even though this share is down from earlier years, it is still significant.

There are, in addition, other indicators of the importance of natural gas in the operations of these 26 companies. They market about half of the domestic natural gas produced in the United States. Also, they con-

trol more than half of the reserves of natural gas in the United States. These data are presented in Table 4.

Three caveats must be stated at this point. First, the data presented in this report refer only to the gross, pre-tax revenues, marketed production, and reserves of domestic gas and oil. International operations are not considered; nor are refining, distribution, or other energy and non-energy business activities of these companies taken into account. In the total picture of the companies' business operations, the revenues derived from production and marketing of natural gas will be a smaller share of total operating revenues.

TABLE 4.—SHARES OF MAJOR ENERGY COMPANIES OF TOTAL MARKETED PRODUCTION AND RESERVES OF DOMESTIC NATURAL GAS, 1977–81[1]

Year	Marketed production—trillion cubic feet		Share of major energy companies (percent)	Reserves[2]—trillion cubic feet		Share of major energy companies (percent)
	Total United States	Major energy companies		Total United States	Major energy companies	
1977	20.03	11.19	55.9	216.0	123.6	57.2
1978	19.97	10.87	54.4	208.9	119.1	57.0
1979	20.47	10.71	52.3	200.3	115.8	57.8
1980	20.38	10.05	49.3	194.9	110.3	56.6
1981	20.37	[3] 9.95	48.8	199.0	[3] 108.4	54.5

[1] The major energy companies are those selected for inclusion in the Financial Reporting System (FRS) of the U.S. Department of Energy, Energy Information Administration. The companies are: Amerada Hess, American Petrofina, Ashland Oil, Atlantic Richfield, Burlington Northern, Cities Service, Coastal States, Conoco, Exxon, Getty Oil, Gulf Oil Kerr-McGee, Marathon Oil, Mobil, Occidental, Phillips Petroleum, Shell Oil, Standard Oil of California, Standard Oil of Indiana, Standard Oil of Ohio, Sun Company, Superior, Tenneco, Texaco, Union Oil of California, and Union Pacific.

[2] Reserves at beginning of year.

[3] Preliminary data.

Source: American Gas Association. Gas Data Book, 1982. U.S. Department of Energy. Energy Information Administration. Energy Company Development Patterns in the Postembargo Era. Volume 2. U.S. Department of Energy. Energy Information Administration. Office of Economics and Statistics. By telephone communication, March 3–4, 1983.

Second, no inference regarding the contribution of gas to the profitability of the 26 companies can be made. The revenue data do not net out costs of production or other expenses related to this segment of company business, largely because natural gas operations cannot be conveniently separated from oil operations. For this reason, companies do not report separate cost data for oil and for gas. Nor are there accepted accounting practices and standards to achieve this separation.

Third, the data are not sufficiently disaggregated to identify the natural gas marketed, or reserves, by NGPA category. Even though the average value of gas marketed by the 26 companies is below the national average wellhead price by approximately 10 percent, this difference points only to the possibility that older, price-controlled gas is held, produced, and marketed to a greater extent by the 26 companies than for all gas producers. Data on the volume of natural gas broken out by NGPA category are not available either for all 26 companies together or for individual companies to permit any firm conclusions to be drawn on this subject.

UNITED NATIONS CONSUMER GUIDELINES

Mr. PRESSLER. Mr. President, I recently wrote to Secretary of State George P. Shultz concerning proposed United Nations consumer protection guidelines.

Given the importance of this topic to American agriculture and to others involved in the U.S. food industry, I ask that a copy of my letter including questions I have posed to the Secretary be printed in the RECORD.

There being no objection, the material ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C. March 10, 1983.

Hon. GEORGE P. SCHULTZ,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: In anticipation of Administration testimony before my Foreign Relations Subcommittee on Arms Control, Oceans, International Operations and Environment, I have prepared the enclosed questions on an area of specific concern to me. I very much would appreciate receiving written answers to these questions by March 25, 1983. I wish to study the matter more closely and ensure that we have an informed discussion prior to the hearings.

My concern relates to the effects—especially on American exports—of the veritable explosion of United Nations regulatory activity. One of my reference points is Ambassador Jeane J. Kirkpatrick's excellent article on "Global Paternalism" in the current issue of Regulation magazine. She clearly demonstrates that increasing numbers of U.N. regulations are being used in an open attempt to unfairly redistribute the wealth of industrialized and agriculturally abundant countries such as ours.

I am concerned especially about one of the new regulatory efforts at the United Nations, the proposed worldwide Consumer Protection Guidelines now pending before the U.N. Economic and Social Council. I am troubled by the effects of this proposal on American exports, particularly agricultural commodities.

I look forward to hearing from you by March 25, and I appreciate your thoughtful consideration of these issues.

Sincerely,

LARRY PRESSLER,
U.S. Senator.

QUESTIONS REGARDING UNITED NATIONS ACTIVITIES

1. What organizations (a) within the United Nations (e.g., Economic and Social Council) and (b) directly or indirectly related to the United Nations (e.g., Food and Agricultural Organization) take action to affect or influence American export policies or practices?

2. For each of the above-described organizations, please list the following, using the most current data available:

(a) Nations considered to be members or participants of the organization;

(b) Amount of contributions of funds of each member nation or participant, together with a calculation of the percentage of total contributions that each such contribution represents;

(c) Number of United States government staff members who are employed to work with or at the organization;

(d) The funds allocated in the United States Budget for our activities associated with each organization.

3. What regulations, guidelines, or other similar actions designed to affect or influence American export policies or practices have been proposed and/or promulgated by each of the above-described organizations since January 1, 1980, and what is or was the position of the United States on each?

4. With respect to each of the matters described in Question 3, what procedures were used to afford potentially affected groups, industries and interested members of Congress an opportunity to make recommendations as to what position the United States should take?

5. With respect to the Draft U.N Guidelines for Consumer Protection now pending before the Economic and Social Council, please answer the following questions separately:

(a) What is the present position of the United States on these Guidelines, and how was that decision arrived at?

(b) What evaluations were made with respect to the effect of the Guidelines, if implemented worldwide, on the export of agricultural commodities?

(c) What groups and members of Congress were given an opportunity to comment on the proposals for national legislation on these Guidelines and what positions did they take on the provisions that might affect or influence American export policy or practices?

(d) What is the basis for singling out "highly refined and expensive food products" for special attention by the world's regulators? See Guideline 7(e).

(e) What specifically is meant by suggesting that all governments should have policies and plans providing for "processing and distribution and should include mechanisms for appropriate activity in the case of seasonal fluctuation in food supply and prices"? See Guideline 7(a).

(f) When are these Guidelines scheduled to be considered by ECOSOC, and is it possible for us to have that consideration postponed if it is scheduled to be within the next six months?

SALUTE TO THE AMERICAN FARMER

Mr. PRESSLER. March 21 has been designated as National Agriculture Day. It is good that we take this day to pay tribute to the American farmer whose importance is often taken for granted.

While the total number of farmers continues to decline, farm production continues to increase. Today, farmers produce enough food and fiber for 78 people and over 76 percent more on the same number of acres as their fathers produced. Due to the great efficiency of the farmer, American consumers have an ample supply of low-priced food to eat. In 1980, the average American ate 1,400 pounds of food and spent only 12.2 percent of disposable income on groceries and 4.4 percent eating outside the home. At the same time, we still had 359 billion pounds of food to export to other nations.

While farmers provide low-priced food to consumers, they also generate a tremendous amount of economic activity. Agriculture supports an estimated 23 million jobs, or more than 22 percent of the entire work force in the United States. These jobs include: Providing goods and services for farm production, 2.3 million; food processing,

1.7 million; manufacturing, 4.8 million; transportation and trade retailing, 7.2 million; and eating establishments, 3.1 million. The sale of agricultural products domestically and abroad accounts for 20 percent of our Nation's gross national product. It is very clear that the health of the farm economy has a direct relationship to the entire U.S. economy.

Many of the problems facing our Nation's economy today can be traced to the falling farm income levels of the last 3 years. Currently, many farmers are in financial trouble because of high interest rates, rising costs of production, and low farm prices. Farmers rely heavily on credit. In 1981, farm debt was $174.5 billion—over 3 times the level in 1970, and high interest rates have a devastating impact on farmers. This can be seen in the number of farm sales and foreclosures. Interest rates have declined for large corporations, but remain high in rural areas where farmers obtain credit. Interest costs must be reduced if the American farmer as we know him is to survive.

With farmers spending over $130 billion annually for goods and services, they are also hit hard by inflation. In the last decade, the average costs of production have increased 153 percent, while farm prices have not keep pace. The rapid increases in production costs have helped cause a great increase in farm debt. Again, inflation must be controlled if the farm economy is to rebound.

Finally, farm prices are at the lowest parity level since the Great Depression. Farm income has declined for 3 consecutive years and it is not predicted to increase in 1983. The devastating impact of the 1980 Soviet grain embargo, in conjunction with record harvests around the world, have depressed farm prices both domestically and abroad. The worldwide recession and strong U.S. dollar have caused farm exports to decline for the first time in a decade. To reverse this trend, the PIK program has been implemented and participation has been very good. We must also aggressively pursue foreign markets which have been lost for several reasons. We must implement programs to compete with other nations' export subsidy programs and fight to regain our share of the Soviet grain market.

Mr. President, I am happy to honor the American farmer today, but believe we must also recognize the great problem the farm economy currently faces. We must address this problem and get the farm economy back on its feet.

NATIONAL SECURITY AND VIOLENT CRIME ACT OF 1983

Mr. HEFLIN. Mr. President, I rise today to sponsor the National Security and Violent Crime Act of 1983.

I would like to thank Senators BIDEN, CHILES, and NUNN, and the other distinguished Senators who played a role in the development of this legislation, for their dynamic leadership and relentless efforts on this proposal.

Many times during my service here in the Senate, I have addressed this body on the problem of crime in the United States. Violent crime has reached epidemic proportions in America and is running rampant in every section and locale in the country. Opinion polls continuously indicate that the American public views crime as one of the Nation's most serious problems.

The American public has grown weary of the seemingly endless newspaper and television reports recounting gruesome details of murder, assault, rape, and muggings. They are tired of virtually being held hostage in their own homes, changing their lifestyles to accommodate the threats of their assailants. They are frustrated by the lack of an effective, coordinated effort on the part of law enforcement officials to combat crime.

In the last Congress, both Houses passed and sent to the President a package of crime-fighting measures. I found the President's pocket veto of this legislation incomprehensible.

Today, we begin anew our efforts for a legislative response to the public's demand for action. This comprehensive package is designed to strengthen our criminal penalties and to end the criminals rule over our streets where they operate with little or no fear of arrest or punishment.

One of the important areas addressed by this legislation is the serious problem of drug trafficking. It is a well-known fact that drug trafficking is a very lucrative crime conducted by well-organized and sophisticated operations. The legislation will create a Cabinet-level office to develop and implement a comprehensive and coordinated narcotics control strategy between the various Government agencies with drug enforcement responsibilities; increase the penalties for drug smuggling activities; and mandate mutual assistance treaties with those countries which serve as havens for drug-trafficking financial operations.

A fundamental element of this crime-fighting effort is the sweeping reform of bail and sentencing laws. These reforms include modification of the Federal bail laws to allow Federal judges to deny bail to defendants determined to be dangerous to the community and the establishment of an additional mandatory sentence for use of a weapon in the commission of a felony.

This package will also make great strides in combating organized crime.

An essential crime-fighting tool of this proposal is the criminal assistance program. It is a known fact that a vast majority of crime is committed at the local level. Therefore, if we are determined to wage an all-out battle against crime, we must attack on all fronts. It is, therefore, proper and necessary for the Federal Government to assist local law enforcement efforts.

This legislation represents a strong and steadfast commitment to address the problem of crime in this country. The American public is demanding strong action and it is our responsibility to respond. With the tools provided in this bill, we can make a serious effort to combat crime and take the fear out of the hearts of the American people.

I would like to urge my colleagues in the Senate to support this vital legislation.

Thank you, Mr. President.

A TRIBUTE TO THE BESSEMER RESERVE MARINES

Mr. HEFLIN. Mr. President, I rise today to pay tribute to a group from my home State which has recently brought honor to Alabama by themselves receiving an unprecedented honor. The particular group which I recognize with my comments here today is the Reserve Marine Unit of Bessemer, Ala.

The unprecedented honor of which I spoke a few moments earlier was their receiving, for the second consecutive year, the prestigious Harry Schmidt Trophy. This award is given annually to the outstanding Reserve Fleet Marine Force and Mobile Expedition Force by the National Reserve Officers Association. Prior to this repeat honor for Bessemer's Marines, no unit had ever been awarded this honor twice in succession.

Although many persons may not even realize that such things as Reserve Marines exist, they form an important part of our armed services. These Marines always operate under the assumption that they could be called out at any moment. The Bessemer battalion remains prepared to be airlifted to any remote corner of the world within 24 hours, should such a need arise.

In case of such situations, the Bessemer battalion, and all Reserve Marines, are constantly training and learning and working, in their continuing effort to reach maximum readiness.

They learn about firearms all the way from M-16 rifles to tank guns. They take classes in advanced warfare

tactics, and train extensively in conventional warfare.

Mr. President, during World War II, it was an honor and privilege for me to serve in the U.S. Marine Corps. Today, I continue to feel a close personal kinship to those who are now marines.

For that reason, my pride in the Bessemer Reserve Marines is doubly strong. They have worked hard to stay prepared, and the honor they recently received certainly indicates their success. They are a group of whom all Alabamians should be proud, and I congratulate them.

OUTSTANDING MIDSOUTH JOURNALIST RETIRES

Mr. SASSER. Mr. President, E. W. Kieckhefer has retired from his position as editor of the editorial page of the Commericial Appeal, the morning newspaper in Memphis, Tenn.

"Kieck," as he is affectionately known, is not a native Memphian, but since 1961, when he took up his pen for the Commercial Appeal, it has been Memphis'—and the Midsouth's—pleasure to call him her son.

A man of wry wit, sober wisdom and unlimited good cheer, "Kieck" has never been one to back away from a cause in which he believes, a battle he knows should be fought. He has never been afraid of unpopular causes or to say what he feels ought to be said. He is not a man to compromise with the truth.

Although he is retiring from active newspapering, and although he is leaving the Midsouth and returning to his home State of Wisconsin, he is not giving up journalism altogether. Instead, he will continue to write, to challenge readers' minds, to present his ideas and ideals with reason, passion, and honesty.

On a personal note, he is my friend. I will miss him, but it is good to know that he will not be far away. His editorials were not always favorable, but they were unfailingly wise.

Mr. President, I ask unanimous consent that the story announcing E. W. Kieckhefer's retirement be printed in its entirety. It is a fitting tribute to a distinguished journalist, to one who reflected honor and credit on the great profession he served so well.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Memphis Commercial Appeal, Feb. 20, 1983]

"KIECK'S" WIT, WISDOM TO BE MISSED—EDITORIALIST PUTS A CAP ON CAREER

"Shucks," he says, "who's afraid of Thomas Wolfe?"

E.W. Kieckhefer is going home again.

Retiring after 47 years as a journalist, 'Kieck' has been a guiding force behind thought and commentary at The Commercial Appeal, as editor of the editorial page since 1978 and as an editorial writer since 1961. His "going-home" pun is like a trademark, the kind of humor fellow journalists will remember about him as much as his often-rumpled appearance and a manner that could have been a model for Nigel Bruce's Dr. Watson.

With one brief interruption, Kieckhefer, 67, has lived in the South for 34 years, including 22 years in Memphis. Now, taking with him an acquired appetite for such things as greens, grits, spoon bread and local politics, he is "defying the elements and the advice of friends" to return to his native Milwaukee, where he began his career as a cub reporter.

His editorials, from the 1940's to now, will be some of Kieckhefer's best legacies—"passionate beliefs expressed with reason, thought and quiet competence," as a former co-worker described Kieckhefer's commentary.

"He is one of the few people on the staff who cannot be replaced . . . because of his knowledge, experience and, I'm not bashful to say, his wisdom," says Michael Grehl, editor of The Commercial Appeal. "He challenges conventional wisdom, and that's what it's all about to me."

Editorial writer David Vincent a frequent sparring partner with Kieck, has no less respect for him because of their differences: "Long before Kieck was ready to retire he was kind of an elder statesman on the editorial staff. He had his own specialities, but his familiarity on a wide range of subjects enabled him to challenge other members of the staff, even on their own specialties, and this pushed them to be more thoughtful and more rigorous in taking their positions."

Not always with success but often with red face and vigor, Kieckhefer has taken what he calls the "common sense" approach to issues. It is the same approach that some of his associates call progressive, liberal or sometimes even socialist. He was against segregation when there were still vestiges of it on his arrival in Memphis in 1960. He was "less than enthusiastic" about school busing, but only because he felt "that all schools should be good. I realized after I had been here for a while that all schools weren't good, and that made me accept it based primarily on the fact that the law and the courts said it had to be done. Those who didn't accept it didn't help the situation."

For years he was in a minority among editorial staff members in the Overton Park expressway debate. "I always disliked the idea of an expressway going through the park . . . When they first proposed it they said it was going to save downtown, a concept I never understood."

At the University of Wisconsin at Madison, Kieck was night editor of the school's daily newspaper, although he was majoring in chemistry and science. He attributes his science background to his early opposition to nuclear fission. "They started out saying, 'It won't be long before energy is so cheap that you won't even need meters on your houses.' I knew they weren't taking into account the problem of disposing of radioactive wastes." He is more optimistic about the future of fusion as the "ultimate in solar energy, the same process that takes place on the sun."

Usually more down to Earth, his opinion has often reflected strong feelings about the pace of change in the South and, specifically in his adopted city: "The one big fault with people in Memphis is that they have not accepted new thoughts and new methods very readily . . . I don't think Memphis knows what it is or where it wants to go. We've never quite decided what Memphis can do better than anybody else."

If "Kieckisms" were collected, they might sometimes borrow from the thoughts of others, but they would include: "I have always looked upon all politicians with suspicion, maybe because I have known so many of them personally"; "I have long felt that the clergy is wrong to blame the people for declining morality. Declining morality reflects the failure of the clergy to do what it says it does"; "I don't believe the world is going to hell in a handbasket as some people used to say. Nobody has a handbasket anymore"; "A good newspaper should not be predictable. It should keep the readers on their toes, being 'conservative' on some things and 'liberal' on others, as the situation seems to justify, not as readers or advocates would like them to be"; "Henry Loeb was the mayor I knew best. He was a colorful, raucous kind of mayor who thought he was a product of Memphis. He wound up what I always thought he was—a small town Arkansas boy."

Kieckhefer's retirement, in name only, becomes official Friday.

"I think he's looking forward to keeping busy," says his wife, the former Virginia Kelley, a registered nurse who retired last year. She and their two sons, Robert Kieckhefer, 37, the Chicago and Illinois bureau chief for United Press International, and Richard Kieckhefer, 36, chairman of the department of the history and literature of religions at Northwestern University, echo the same thoughts about Kieck's biggest pastimes: He is a voracious reader and an incredible talker.

His talent for talking may be an acquired trait. One of his former newspapers prepared caricatures of staff members and labeled his as "quiet almost to the point of shyness," says Mrs. Kieckhefer. "But he certainly isn't shy with strangers. He talks to anybody, on the bus, on the street. When we go to a grocery store and he sees a baby he has to stop and talk to the mommy."

At the Commercial Appeal, Kieck is often difficult to locate. Seldom at his own desk, he may be found anywhere in the building, his feet propped on someone else's desk and the conversation covering anything from the desk-top to 5,000 miles away. It may be no more than an exchange of puns. Like one awful recent one: Two baby chickens watched as the mother hen laid an orange. One chick said to the other: "Look at the orange mama laid!"

"How can anybody write unless he first has talked?" Kieck asks.

In Milwaukee, he will be only an hour and a half from his children and grandchildren in Chicago and Evanston, Ill., and will borrow from his editorial research through the years for several writing projects. "I'm planning a book to help people in the United States get a better understanding of relations between the United States and Canada." He is also planning to do freelance writing—one of the things that first attracted him to journalism against his father's wishes. "My father didn't think much of newspapers and tried to steer me away. He thought reporters were a bunch of drunken bums."

But Kieck had been hooked since high school, as editor of the school's weekly newspaper for three years. At the University of Wisconsin, his dormitory was next to the agriculture campus. While studying chemistry and working as night editor of the daily newspaper, he wrote freelance sto-

ries about agriculture for the Milwaukee Journal.

When he applied for a job at the Journal after graduation in 1936, the editor told him he "didn't want anybody right out of college." Kieck walked down the street and conned his way past a "nice motherly type" secretary into the general manager's office at the Milwaukee Sentinel. The general manager hired him as a copy editor, predicting he wouldn't last two weeks.

Kieck was there for a year before joining United Press Associations (now UPI), which transferred him after a year from Milwaukee to its Chicago bureau, where much of his earliest agricultural reporting revolved around the livestock yards and the International Livestock Exposition.

Kieckhefer joined the Minneapolis Star & Tribune in 1941, but before he wrote his first editorial he was named a Nieman Fellow at Harvard University to study the economics of agriculture in 1942 and 1943.

He returned to the Minneapolis Star & Tribune and worked as farm editor, business editor and editorial writer. One of his earliest editorials in the No. 1 butter state was in favor of then-new oleomargarine. "Soybeans (a major ingredient) were just becoming a big farm crop at the time," Kieck says.

He was twice named winner of the Wallaces' Farmer award for "best editorials in the metropolitan press interpreting farm problems for city readers." Before joining The Commerical Appeal in 1960, Kieckhefer worked as farm editor and editorial writer at The Courier-Journal in Louisville, Ky., from 1948 to 1959, including a term as president of the Newspaper Farm Editors of America. The period also included an effort to form a local unit of The Newspaper Guild. "It was an abortive effort, and it didn't make things very good for us."

In 1958, he was named by the Ford Foundation as a Fund for Adult Education Fellow to help improve understanding of agriculture in the metropolitan media. He then worked for a year as editor of The Daily Plainsman in Huron, S.D., before his move to Memphis. Here he worked as a copy editor, assistant city editor, part-time editorial writer and columnist before he became a full-time editorial writer in 1967.

In 1977, as Food and Farm columnist and editorial writer for The Commercial Appeal, he received the prestigious J. S. Russell Award from the Newspaper Farm Editors of America. The memorial award, named for a former farm editor of the Des Moines Register and Tribune and late cofounder of the organization, honored him for excellence as a journalist who had written farm news and agricultural commentary throughout his career.

Without once becoming a drunken bum, Kieck says he "wouldn't have missed the newspaper business for anything." And it is a matter of pride for him that newspapers "do things better than they used to."

Part of the reason is his own role in it. E. B. Blackburn, former assistant managing editor of The Commercial Appeal and now managing editor of the Rocky Mountain News in Denver, was surprised by news of Kieck's retirement only long enough to respond: "He can't do that. That's a little like the Rock of Gibraltar retiring."

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

RECESS UNTIL 2 P.M.

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until 2 p.m. today.

Thereupon, at 12 noon, the Senate recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. LUGAR).

SOCIAL SECURITY ACT AMENDMENTS OF 1983

The PRESIDING OFFICER. The clerk will report the unfinished business.

The assistant legislative clerk read as follows:

A bill (H.R. 1900) to assure the solvency of the Social Security Trust Funds, to reform the medicare reimbursement of hospitals, to extend the Federal supplemental compensation program, and for other purposes.

The Senate resumed consideration of the bill.

DOLE AMENDMENT NO. 532 TO MELCHER AMENDMENT NO. 531, AS MODIFIED

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, I want to read into the RECORD portions of a brief letter that came to my office on the subject of social security. I think Members are well advised to consider the effect of this so-called social security upon those who pay the social security taxes as well as those who are on the receiving end of social security benefits.

If the Congress chooses to continue to raise social security taxes year after year, as has been the case in the last decade, unwittingly we shall create a generation gap involving a bitterness that will be terribly destructive to social progress.

In that context, Mr. President, I will read a portion of a letter, substituting false names for those in the letter. The letter is undated, but it has recently arrived in my office.

DEAR SENATOR: John Jones no longer lives at the above address. He has moved to Florida. My husband and I have moved here from New York so you are now our Senator.

We received your update on social security in the mail. Mr. Jones who has a $100,000.00 condo in Florida and a summer home in Maine would have been glad to hear you don't intend to reduce his social security benefits. I on the other hand am sick and tired of having my social security tax increased.

As you and your fellow Senator well know the most politically powerful group in this country is the senior citizen. This is a generation that was never taxed by the Federal, State, or local government the way you so freely tax us, their children. You tax us to support a generation that controls 80% of the wealth in this country. You tax us to support a generation that owns more real estate than any other generation, more stocks and more bonds. You tax us to support federal workers whose system has been running a deficit since 1976. You tax us to support double dippers. I am fed up with your taking my money to support other people most of whom are better off than I am.

I intend to be politically active and if you vote to increase my taxes to ensure the John Jones' of this world can continue to spend winters in Florida and summers in Maine, if you continue to tax my generation in ways you never taxed our parents, I will do everything I can to see you defeated.

Mr. President, to be sure, the tone of this letter is intemperate and rude and threatening, but I think that is precisely the kind of sentiment that we shall engender in greater numbers if we continually raise the social security tax which today, as has been pointed out, is the highest tax, the greatest tax borne by most working Americans; that is, more money is deducted from their pay in the form of social security taxes than any taxes they pay to the IRS.

As our colleague from Colorado has pointed out so very well in a dear colleague letter which all of us received recently:

Raising payroll taxes on workers means reducing the real income of those whose income has barely kept pace, or actually fallen behind, rising prices in order to sustain a rate of benefit increase for those whose benefits have increased much faster than the cost of living in recent years.

Mr. President, I conclude by urging my colleagues to give careful consideration to the tax raising aspects of this so-called reform proposal, which is a proposal very short on reform and very long on tax increases.

I do not know where the breaking point is, but I am convinced that we are getting very close to it if this letter and others like it, although not quite as intemperate, that I have received are any indication.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Kansas.

Mr. DOLE. Mr. President, let the Senator from Kansas indicate that it is still my hope that we can, in some way, move along on the social security bill and get away from the withholding issue. It seems to me it is not to anyone's interest to do otherwise, particularly since we have a time set to

fully debate the withholding issue, or redebate the withholding issue.

I had a brief visit with the President this morning, and I must say that he feels strongly about the withholding provision.

I believe he was quite distressed with regard to the American Bankers Association. I think his statement, which was released as a result of that meeting, was a result of that feeling. He closes by saying, "As I said last week, it would be far better if the bankers spent less time lobbying and more time lowering interest rates."

Mr. President, I ask unanimous consent that the statement by the President, dated March 22, 1983, be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY THE PRESIDENT

One of the most important pieces of legislation to be considered by the Congress this year is being held hostage by a small but highly funded and organized special interest group.

Until a few days ago, it appeared that an omnibus bill to make Social Security solvent and extend supplemental unemployment benefits would be enacted this week. I would have gladly signed this vital measure to relieve legitimate worries about the economic security of so many.

Now, however, a selfish special interest group and its Congressional allies are attempting to make this vital economic security bill a legislative hostage. But let me make absolutely clear that an unrelated rider amendment—based on a campaign of distortion and designed to prove that the banks and other financial institutions can still have their own way in Washington—has no place in the bill pending before the Senate.

We should not accept an amendment designed to prevent the collection of taxes that are already owed on interest and dividends—even if the financial institutions find it inconvenient.

This morning I have strongly urged the leadership of the Senate to take whatever steps may be needed to free the economic security bill from this blatant attempt at legislative hostage taking. The Social Security and unemployment insurance lifeline that extends to millions of Americans across the breadth and width of our land cannot be permitted to be severed by the obstructionist tactics of a Washington lobby and its Congressional friends. As I said last week, it would be far better if the bankers spent less time lobbying and more time lowering interest rates.

Mr. DOLE. Mr. President, I do not think anyone would quarrel with lower interest rates. That leads me to the pending amendment. It requires the banks to lower their prime interest rate to 8-percent interest, to qualify for a 6-month delay in withholding. In addition to qualify for the new money market accounts you would not have to have $2,500, but you could get into the money market accounts with $500. That merely puts the focus where it belongs, on people, rather than bankers.

I would hope if we could dispose of the Melcher amendment either with adoption of the second-degree amendment or with some other parliamentary procedure, that we could finish the social security bill today. That may be somewhat optimistic. The Senator from Kansas has no idea how we are going to dispose of the Melcher amendment.

As I looked over the amendments on social security, there are only about four or five that would require rollcall votes and there is a strong desire by the President of the United States, by the House leadership which already passed the social security bill, and by the Senate leadership, at least on this side, to try to pass the social security bill and go to conference and pass the conference report by Thursday evening.

In order to do that, we have a lot of work to do.

Mr. President, I would think within the next few minutes there would be some move made to resolve the impasse. In the meantime, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MELCHER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MELCHER. Mr. President, if we want to move on to social security and do just as the Senator requested, with prompt consideration of my amendment and other amendments without too many rollcalls, we can do that just any time we vote on this issue.

This is not a game we are playing here, to offer an amendment that does not get voted upon. I guess I could vote to table the chairman's amendment, but I hesitate to do that to the chairman of the Finance Committee. I just hate to do that. We could suggest that that amendment be voted upon with a voice vote and be dispensed with. We could suggest that, instead of making a point of order against my amendment, we vote on a motion to waive the budget rules concerning the amendment, pass it, and get on.

Are we to be lambasted here, those of us who feel very seriously, very objectively, and very sincerely that this is a provision that ought to be passed by the Congress and ought to be signed into law by the President so that the Senate can reconsider what, in my judgment, and probably in the judgment of other Senators, was very poor tax policy in the Tax Act of 1982, last summer?

If the House does not like my amendment, they are going to knock it off. But the House must like it or the Senator from Kansas would not be carrying on a filibuster against his own bill. If the President does not like it, he has a chance to veto the bill, but I do not think he is going to veto this bill. That is a good reason for having this very serious provision in this particular bill, because this is one that the President is probably going to sign.

These people who write in to us should not be glibly described as if they do not know what they are talking about, that they are just responding to what a banker told them to do or suggested they do. I never take the letters of my constituents lightly. I take their letters seriously.

We receive letters that say:

This is the first time I have ever written to a Member of Congress, but I want to write to you about this because we think this is too much. We are already paying all of our taxes and here is another withholding tax on savings. The IRS is going to remove a portion of the interest due to us as a 10-percent tax. They are going to use it for up to a year.

Here is a typical letter on that very point:

I have never written an elected official in the past but at this point I feel compelled to express my opinion. I feel that the 10 percent withholding tax on our savings should be repealed because it imposes an unnecessary and unfair burden on savers. The current laws requiring the reporting of interest income are burdensome enough to one's savings institution but they alone should be adequate to assure that interest income is being reported to the Treasury Department.

I know our Government is facing a tremendous problem in financing its operations and withholding from savings accounts seems like a relatively painless way to insure that the inflow of tax revenue is smooth and uninterrupted. However, the approach taken by this new withholding law in effect punishes those who are helping to finance new jobs and capital construction by reducing the amount of return they can receive, having 10 percent of their savings removed and given to the Government.

It goes on to say that they object to it and hope that something will be done.

That is a letter "writ by hand." That does not seem to me to be something generated at the request of a bank, or the request of a savings and loan, or, for that matter, a credit union. For those of us who take this position that something should be done about it, I do not think it serves any good purpose simply to say: "Well, this has been caused by the bankers lobby." Personally, I have never found a bankers lobby that had influence with very many Senators to hold up a process here for consideration of something that they dearly want.

I have observed, over my time in Washington, both in the House and the Senate, that when people really zero in on a point that they think they are being abused on, they do get the attention of Congress, both the House and the Senate. In this instance, I know it has captured my attention. It

has captured, I think, the attention of the vast majority of the Senate. It is because these people write to us, or call us, or buttonhole us, or get us on the telephone and say this is just too much.

I am particularly sympathetic to the elderly who write in and say they depend upon their savings, the interest from their savings, for part of their monthly bills. But I would have to say that I am also very sympathetic to the ordinary wage earner who has withholding out of his paycheck and knows that he is paying all that is due. I am advised by the Treasury Department that 75 percent of those taxpayers pay more than is due and at the end of the year get a refund. So I think it is apparent to that group, when they know that on withholding they are paying a little bit more than they should, it is particularly objectionable to them when they find out that there is going to be money withheld on their savings accounts from the interest that is due them. I can well understand their frustration. They are saying: "If you are after cheaters, why do you not zero in on them?"

As a matter of fact, in discussion with members of the Committee on Finance during the past couple of days, it has been brought to my attention that, even though this provision was locked into the 1982 tax law very quickly, without hearings, some of the members of the Committee on Finance, after the fact of its getting into the bill, went to the Treasury Department and said: "Tell us where you believe there are taxpayers escaping paying their just taxes, their lawful taxes on interest from savings and dividends." They were told that it was impossible or their questions almost disregarded, shoved aside, and the Treasury Department said: "We really can't identify all of those and this procedure will help it."

When they were asked why the 1099 form, that form that every savings institution, or every insurance company, or other such institution must send out to all of the recipients of interest income, or dividend income, was not matched up with the 1040 form, it was very brusquely explained to them that it was not possible.

I think it is perfectly logical to respond to the constituents who are taxpayers and who are saying that this particular provision in law should be either repealed or delayed, either repealed or modified so that it is really zeroing in on those people who escape paying their taxes, rather than burdening everybody. As this constituent letter that I read stated, while it may seem a relatively painless way of securing more revenue that is needed for the Government, why must it become a burden on all, and particularly take away some of the interest income or dividend income from those who use it during the course of the year to pay their bills?

Yes, Mr. President, we can get on with this social security bill any time. We can certainly show some progress around here by getting this amendment in shape to pass and get on with the rest of the amendments; send this bill over to the House and, if the House is so inclined to agree with the amendment, fine. Then we send it to the President and, we hope, and I am confident that, on balance, he is going to sign it.

The question of taxation is a matter between the taxpayers and Congress primarily. I think this was a bad move last summer, this particular provision. That is my judgment. I would have to say that, based on the letters I have received, it is the judgment of the majority of my constituents that it was a bad move. But I think what is extremely important in this issue and should not be ignored, or forgotten, or shoved aside is that taxpayers are very concerned about the methods of paying taxes that involve them directly.

I am going to repeat that, Mr. President. Taxpayers are resigned to having to pay taxes. Who wants them? Nobody wants them. But they are resigned to paying them. They know that Congress must pass tax laws that will raise a sufficient amount of revenue. But taxpayers feel strongly about the method of collection of taxes from them and resent undue, uneeded hardship imposed on them.

I said yesterday in offering the amendment that, while I realize that passage of this amendment would mean $1.1 billion less in this fiscal year for the Treasury, my best judgment is that it is still a very reasonable amendment because we can now have time to review better ways of collecting the revenue and, if it is the judgment of the majority of the Senate after revenue that this is still the best way, we shall go along with that.

I doubt that that will be the case and we shall find a better way. But it is this particular method of collection that is being objected to by taxpayers.

It is a method that imposes on them an unnecessary withholding if they already pay all the taxes due. The IRS says that is 97 percent-plus of all taxpayers. They are not fools, these people who write to us. They do not take pen in hand or pencil in hand and write these letters with the idea that they are somehow being duped or being conned by one of the savings institutions. They are writing to us because they are taxpayers and they think this matter is important.

What they are really saying is that the method of collection of sufficient revenue has not been properly examined and this one must be a very costly method of collecting revenue.

Why would they say that? First, they know there is some cost to the savings institution where they draw their interest from their savings account. They know that. They understand that. And they know who is going to pay that. They are going to pay it. They are going to get less in interest because that savings institution has some cost in collecting the tax; and they know they are going to get less in interest if their practice is to let their interest income accrue to the principal rather than withdrawing it upon payment. If they do withdraw their interest income for living expenses many resent having the 10-percent tax withheld.

If the interest accrues and allowed to compound, as many of them do, at least a portion of it, they know that the early collection of taxes will take some of the money due them on that compounded principal which would generate more interest payments for them.

But they also believe that this is just added paperwork and that, after all, the Form 1099, which reports all the interest income, should be adequate; that if something else needs to be done to close the gap for those who are not paying the taxes they should pay on interest income, then there should be other methods of collecting that, without involving them. It is in their judgment a poor method of collecting taxes, because they are already paying their full taxes.

So, first of all, although my amendment would decrease revenue for this fiscal year by $1.1 billion, which is 0.6 percent of what is projected as a budget deficit, less than 1 percent, I strongly feel that we must find a better way and collect the money and make up the revenue that would be lost. I think that is what our constituents are writing to us about.

That is far removed from just a simple attaching a banking label to any Senator who dares offer an amendment to either repeal it or to delay the implementation of it, in order to look at the method again and reconsider it. Labeling that attempt as just something that represents the banking lobby is not doing justice to the issue involved.

Mr. President, I do want to make progress. I see the chairman of the Budget Committee on the floor now, and I should like to expedite proceedings. The chairman of the Budget Committee desires to make a point of order against my amendment as being outside the budget waiver on the bill. To expedite that, I move, under section 904(b), to waive the relevant section contained in titles III and IV of the Budget Act.

The PRESIDING OFFICER. The motion is debatable.

Mr. MELCHER. Mr. President, while the chairman of the Budget Committee is getting ready to discuss this matter, I point out that, for all the reasons we have been citing for the consideration of this amendment to delay interest withholding and recognizing that it would deplete revenue by $1.1 billion for the remainder of this fiscal year and possibly close to $300 million for the first quarter of the succeeding fiscal year, I believe it is still obvious that there is a strong feeling throughout the country that this matter should be reviewed, thoroughly thought out, and possibly modified to make it a better method for the collection of taxes.

Mr. DOLE. Mr. President, I am sorry that I had to leave the Chamber briefly.

Again I say to the Senator from Montana that he is debating the issue, and I commend him for it. He has indicated many times what I consider to be accurate statements concerning whether you like withholding or not. He has fairly said many times that it is a collection procedure, not a tax; and that debate, or course, is helpful.

Before the Senator from New Mexico speaks, I just want to say that the unemployment implications in this bill are significant. Without going through all the States, if we do not take action this week, it is going to affect about 28,000 people in Alabama, 6,000 in Alaska, 209,000 in California, 14,000 in Colorado, 46,000 in Florida, 48,000 in Massachusetts, 92,000 in Michigan, 89,000 in Illinois, 57,000 in Indiana, 131,000 in New York, 78,000 in Ohio, 99,000 in Pennsylvania, 58,000 in Texas, 38,000 in Wisconsin, and 31,000 in Washington.

So I think it is fair to say that this social security bill does contain an urgently needed extension of the Federal supplemental compensation program that is due to expire at the end of this month. The problem is that we are not scheduled at this time to be in session next week and will not be here at the end of the month.

The FSC program provides extra benefits to the long-term unemployed who have exhausted their right to benefits under the regular State unemployment program (normally 26 weeks) and the Federal-State extended benefit program (13 weeks). Although there are slight differences between the House and Senate bills, both of them would provide $2 billion or more in unemployment relief to the jobless over the next 6 months.

As the Senator from Louisiana said, if you lose, it is a filibuster. If you win, it is informed debate. So I hope we are in a period of informed debate; that eventually right will prevail; that we will not deny unemployment benefits to the jobless while we try to take care of a special interest group, particularly since we have already set a debate, starting April 15, a freestanding debate, with everybody having a chance to modify and otherwise offer amendments, and to debate this whole question of withholding. I certainly would expect the distinguished Senator from Montana to be an active participant.

Someone suggested that we have not had hearings, but I am reminded by staff that we did have hearings, a year ago today. We had hearings on the income tax compliance gap, in the Senate Finance Committee, and we had a discussion of withholding and alternatives to withholding. The Dole-Grassley bill did not contain withholding, but did contain what we thought were tightening procedures, it would require more reporting, and its provisions were enacted as part of the 1982 act. But we were told by IRS at the hearing, very honestly, that it was not enough, and that withholding was also needed.

I read from a statement of Mr. Chapoton, Assistant Treasury Secretary for Tax Policy. This is what he said in reference to our bill:

While improving and extending the information reporting network is clearly desirable, particularly to the extent that U.S. Government and corporate bearer obligations would become subject to reporting, we believe that the tax gap has grown too large for us to continue to take limited incremental steps toward improved taxpayer compliance in the interest and dividend area. For that reason, as you know, Mr. Chairman, the administration has proposed withholding on dividends and interest at source, and we hope the committee will give serious consideration to the desirability and feasibility of instituting withholding with respect to interest and dividends.

Mr. President, there have been a lot of quotations from letters, and I did not bring all the favorable letters—but I did pick up a sample of letters that have been written since the people have begun to understand what the real issue is.

That has been the point that the Senator from Kansas has been trying to make for the past several days. Until the people know what the issue is, how do they know what the answer is? Some may know in advance, but most people would like to have the issue defined.

Here is a letter from New York, from Robert A. Jacobs. He said:

I write you as a student and practitioner of the tax law, concerned with the integrity of our tax system; I am particularly concerned that the recent attack being mounted by our banking community and its grass root constituents on the withholding tax on interest and dividends will weaken our tax system.

At dinner last evening my mother-in-law informed me "that on July 1 they were going to enact a tax on old people who had savings accounts with the banks." When I assured her that there was no new tax that would be levied on her small savings, that she could apply for an exemption that would relieve her from withholding and, in all events, any monies withheld would be credited to her tax liability, she responded by saying "Oh, that's what Hilda is concerned about; she doesn't pay tax on her interest and never has been caught."

I do not know who Hilda is. But that is only one letter. Maybe Hilda will be identified later, particularly if we have withholding.

Here is another one.

I want to apologize for a letter I mailed to you the other day with an article cut out of the paper. After reading more information on it I have come to the conclusion that the small investor will not be hit nearly so hard as the high-income people. It seems like they can find some loopholes to get out of paying their share.

Another letter says:

Thanks for the explanation on withholding. Now that I understand it, please disregard my earlier letter.

Another letter:

On February 1, I wrote you protesting the enactment of the tax on withholding by Congress. However, since reading more about it and the minimal effect it will have for us, we wish to reverse our previous position and support you in upholding the act.

There are a lot of letters. Here is another:

My thanks to the President, you, and Secretary Regan for standing up to the massive lobbying campaign by the bank and savings and loan industries and in their efforts to force Congress to repeal the recently enacted law which requires them to withhold a small amount of interest and dividends earned on investments. There is no doubt about it. Now I doubt even among the most money grabbing bankers if you could find anyone who would endorse that proposal but fair is fair.

So I just suggest that we can all bring a lot of letters to the Chamber, and I would not want to bring all the other letters to the Chamber. If I did, I would not be able to see my colleagues. But I can bring all the favorable letters to the Chamber. The others we can weigh and give you the weight on a daily basis as to how many pounds are coming in.

But another letter from Wichita, Kans.:

As one who pays a considerable amount in the 10 percent withholding on dividends, I urge you to stand firm and see that this deduction is kept on the books. It is a considerable inconvenience to me to pay this withholding and I lose a good deal of interest, but if this is the way to catch tax evaders who fail to report this type of income, I support it.

And so forth.

Another letter says:

I am still applauding your remarks to the members of the American Bankers Association about the interest and dividend withholding provisions,

And so forth.

I cannot remember what I said, but someone else does.

I have a letter from Wilbur J. Cohen, former Secretary of HEW in the Johnson administration, and Arthur S. Flemming, former Secretary

of HEW in the Eisenhower administration that says:

As members and officials in organizations representing senior citizen groups we wish to inform you that we wholeheartedly support your efforts to retain withholding of interest and dividends as provided by existing law. We do not think this is a burden on low income elderly persons or is an unfair requirement for higher income persons. We do not believe that the programs which serve the need of the low-income elderly should be cut back when enforcement of existing tax laws would yield $20 billion in income over the next 5 years. We believe much of the tax on the withholding law is erroneous and unwarranted.

Then a letter from a prominent CPA firm, Seidman & Seidman:

Americans believe that they have a higher degree of tax morality than other peoples of this world which presumably was instilled in us by an higher authority. The fact of the matter is that the great FDR through the system of withholding tax on wages and salaries instilled tax compliance in us.

Absent withholding taxes on wages and salaries the underground economy would swell to unmanageable proportions.

It is sophistry to say that there is little if any underreporting of interest and dividends when government statistics prove that at least 25 billion dollars of this income is not reported for tax purposes.

And he goes to support withholding.

The Senator from Kansas would not say that if the people who have sent in bank postcards against withholding had all the facts they would all come to a different conclusion, but it is pretty hard to persuade this Senator that you can make a valid judgment or objective judgment if you have only heard one side. The only side that most Americans have heard on this is the lobbyist side, those who want to repeal withholding, those who tell you it is a new tax, those who tell you it is going to take away your savings, and believe me, if a report came over the radio that Congress passed a new tax, I assume it would get your attention.

So, Mr. President, I just believe that we should get on with this. Again we can have this debate. It is already scheduled for April 15. We can debate it in a full, free, fair debate. Everyone will be on equal terms. So we can pass the social security bill now. In addition to the urgency for the unemployment provisions there are about 36 million or 37 million social security beneficiaries who want us to pass this package. There are about 116 million people who pay into the system, many of whom want us to pass this package.

It would just seem to me, after working for a year or more on social security and having it passed in the House of Representatives in a timely fashion, that the Senate says, "Well, we cannot do it because we have to deal with the special interest amendment."

We have time for the special interests, and I believe the elderly are a special interest, and I believe the unemployed are special interests. I hope that today we can turn our attention to these special interest groups and try to pass the social security bill by midnight tonight.

Mr. DOMENICI. Mr. President, if the distinguished Senator from Montana had not moved to waive the Budget Act, I would have raised the point of order against the pending amendment. If I had raised the point of order the distinguished Senator could have moved to waive. So we are right back in the same posture of voting on a waiver of the Budget Act under section 311.

If the distinguished Senator from Montana had inquired, his amendment clearly violates section 311 of the Budget Act. For that reason he has moved to waive it.

This amendment violates section 311 because it reduces revenues in the fiscal year 1983, and we are already below the floor set in the budget resolution now in effect. There is no room at all under the budget resolution for a tax reduction, and that is exactly what the amendment does. It reduces revenues by $1.1 billion in fiscal year 1983.

We are talking here about a principle, and I will discuss that in a little more detail. In addition, it is obvious to me that this amendment is merely an interim step toward repeal of the entire withholding and I think that revenue losses will be much larger. With repeal of withholding we would lose about $20 billion in revenues over the next 5 years.

I understand that argument could be made against section 311. I know that the budget resolution that we now have on the books is out of date. I know that fiscal year revenues must be revised very soon to take into account that the economy has not performed quite as well as we thought.

But, Mr. President, as far as policy changes are concerned I do not think there is much chance that our new budget proposal for fiscal years 1983 and 1884 will make room for a tax cut. Quite to the contrary. We are almost certainly going to provide for some tax increases. The President asked for a few billion dollars. On the other end of the spectrum, of course, the House of Representatives is asking for $30 billion. I do not think that is very practical when we are just beginning to see the full blessings of the recovery, but I will challenge anyone to say that the new policy is going to provide for significant tax reductions and, therefore, this procedure that we are talking about is not very relevant.

(Mr. PRESSLER assumed the chair.)

Mr. LONG. Mr. President, will the Senator yield for a question at this point?

Mr. DOMENICI. I would be pleased to yield.

Mr. LONG. Is it not true this very bill here right now is here because of a budget waiver recommended by the Senator's committee, and does not that waiver include a waiver of $2,070,000,000 in spending for unemployment purposes over the Budget Act?

Mr. DOMENICI. The Senator is correct.

Mr. LONG. If we are talking about being wrong, the way the Budget Act was waived we are already wrong. We have a bill here which is already $2 billion over the Budget Act to begin with, and the Senator recommended that waiver.

Mr. DOMENICI. That is correct. I recommended that waiver and it is obvious to this Senator that there is a tremendous distinction between waiving the Budget Act when you have unemployed people in our country who are not going to get their unemployment benefits and we have to do something to make sure that they do. That is a clear emergency.

There is nobody who can tell us that this social security bill itself is not an emergency, coupled with the unemployment compensation that we wanted to extend, but which costs money for which we waived the 1983 budget targets. Nobody can say that is not an emergency. There is no emergency on the Senator from Montana's amendment. Quite to the contrary, the U.S. Senate clearly plans to contemplate it, debate it, and vote on it. Everybody has their procedures. The Budget Committee has its procedures for April 15. It clearly seems to the Senator from New Mexico that as a matter of principle this is precisely what the Budget Act had in mind.

We can take a clear look and say "Do we want every time something like this comes along, that has plenty of time and does not belong on this bill, do we want to waive the Budget Act?"

As I indicated, I would have made a point of order. I did not make one on the basic bill. Quite to the contrary. Consulting with the leadership we provided a mechanism to say we do not want to use the Budget Act in this case because this is an emergency and that worked. Nobody challenged it. We did not shove that down anyone's throat. Anybody could have gotten up and objected to it and forced a vote, and said "We don't want to waive the Budget Act."

We have a different situation here, very different from the standpoint of policy and from the standpoint of procedure. We can vote on withholding another time; we cannot vote on unemployment compensation 2 or 3 weeks from now. It will be too late. I just note that in a small State like New Mexico we are talking about 5,000 people running out of unemployment

compensation if we do not pass this bill. In other States it is many times more than that. That is what makes this situation different from the amendment that the Senator from Montana has here. Twenty-six thousand unemployed in the State of Louisiana will not get their unemployment benefits if this bill is not passed.

One might say, "Well, what about all those people who are being adversely affected by the withholding?" I think I have addressed that. There is already a procedure for taking care of that. We will all have our opportunity to look that one squarely in the face without the unemployed people of the country losing benefits without the social security compromise coming unraveled, and all of the other things that have been said here on the floor.

Mr. LONG. Mr. President, will the Senator yield for a further question?

Mr. DOMENICI. I would be pleased to.

Mr. LONG. In view of the fact we have been informed by the distinguished chairman of the Finance Committee that Treasury proposes by regulations to put the withholding off to make it year-end withholding rather than to make it withholding prior to the end of the year, can the Senator tell me how much revenue the Treasury would lose during the remainder of fiscal year 1983?

Mr. DOMENICI. I am informed that that which the Secretary of the Treasury proposes to do by regulation was already taken into consideration in the basic bill, and that the only change was in NOW accounts which came into existence afterward. This will have some effect on the total revenues, but there is nothing we can do about that in terms of the issue that is before the Senate. If the law provided for that they are free to do that and, as I understand it, the estimates took that into consideration.

Mr. LONG. Can the Senator give us his estimate what difference it makes to start withholding in 1983 rather than 1984?

Mr. DOMENICI. I submitted it for the RECORD a couple of days ago, it is about $1.1 billion for the remainder of fiscal year 1983, I think the Senator knows the numbers with reference to the outyears. Since the Senator from Montana's amendment addresses only a year, the loss is $1.1 billion in revenue using the same CBO estimates and Joint Tax Committee experts on both the original estimates and these.

Mr. LONG. Is this not true, Senator, that the Budget Act with regard to the issue of waiver makes no real distinction between waiver for emergency purposes or waiver because Congress for some other reasons might regard it as good Federal policy?

Mr. DOMENICI. The Senator is absolutely correct.

Mr. LONG. I thank the Senator.

Mr. DOMENICI. I think I made that point, and certainly appreciate his clarifying it for me. I do not intend to indicate that there are levels of waiver considerations or qualities or quantities. It is just clear that this one violates section 311 of the Budget Act, and the Senator has asked for it to be waived. I suggest this is an opportunity for us to avoid the discussions, all the discussions, that have been going on and to do what we ought to do, to say it does not belong on this bill, and the budget provides us with an excellent vehicle to keep it off. Unless the Senator gets a majority of the votes here, he cannot get a waiver, and the provision will not be on this bill. I think that is something that is helpful to everyone here. If we vote against the distinguished Senator in his waiver, we are not voting on the issue. We are voting on whether to reduce the revenue base of the country when we have huge deficits. Everybody says we must in some way get rid of those deficits. I did not find anybody proposing that we get rid of this $20 billion over the next 5 years. I did not hear anybody say "Well, I have a new tax to take its place or I have $20 billion in medicare changes or other cuts to take its place." We are just here dealing with $20 billion as if it does not matter on the deficit side. We just wipe it out and nobody ought to be worried about it. We have received a lot of letters. We have a way of working our will and hopefully before we are through we will provide some way to continue the deficit reduction. But we will have done it thoughtfully, without just wiping away $20 billion over the next 5 years from the omnibus budget bill that reduced deficits and started us on this road to recovery.

Mr. President, there is no doubt in my mind that while there may be various reasons for waiving the Budget Act. We have discussed a couple of them here today. However, the urgency of unemployment compensation, the good fortune of time that we arrived at a social security solution with the fine cooperation of the President, the Speaker and the blue-ribbon Commission, that that occurred at the end of a budget cycle and therefore we have a waiver for that bill, there is no doubt that those are the kinds of things that would be overwhelmingly supported here.

But there is no doubt in my mind that there are not going to be further tax reductions in 1983, and 1984, and 1985. We have to produce a new budget resolution. It will have some new policies. It will talk about all the main issues, everything from defense to taxes. But can anybody really stand up here and say they expect the policy is going to move in the direction of cutting more taxes in the 1983, 1984, 1985, 1986 cycle? That is basically what we are doing here today and that is why I feel confident in opposing the amendment, the motion to waive, and why I think Senators ought to think very carefully before they do it.

You know it almost strikes me that we go through this onerous job of reconciliation on the tax side, we make some tough decisions, and we provide $98 billion over the next few years, we reduce the medicare costs, we reduce some other expenditures in the budget and then, before the ink is dry, we come down and say "Well, as to $20 billion of that $98 billion, we just want to wipe it out and add $20 billion to the deficits."

We ought not be concerned about it.

Some would be saying: "We ought to grant this waiver just like nothing is at stake. Senator MELCHER is right, waive the Budget Act."

I hope I have convinced the Senators that this is an appropriate procedure that the Budget Act prescribed. It ought not be waived cavalierly and it ought not be waived here this afternoon. Quite to the contrary, we ought to get on with the business of passing this bill and, in due course, taking up the issue that is raised in part, not in toto, but in part by the amendment of the distinguished Senator from Montana.

Mr. LONG. Mr. President, I am informed that the Treasury regulations to provide for year-end withholding would cost us $50 million in revenue in fiscal year 1983 and would cost us $200 million in revenue in 1984.

Now, that is the revenue loss because the regulations reduce the amount that we would collect otherwise by that amount. This compares with the Melcher amendment which, in the main, involves whether you collect the money sooner, within the next few months, or whether you collect it after the end of the year when people file their tax returns.

Now, the Treasury, in my judgment just in order to try to reduce the opposition to the withholding, brought out these Treasury regulations which will cost us $250 million in 1983-84 with no further consideration. They just thought it would be a good idea to strengthen their position in trying to put the withholding on interest and dividends into effect. So the Treasury makes that change without budgetary consideration; just does it to increase their strength here in the Congress in trying to maintain the system of withholding on interest and dividends.

They can do that without any process. I have not heard a soul here on the Senate floor protest about the loss of the $250 million by the Treasury changing their regulations to try to pick up some votes in the Congress.

When the Senator proposes a measure that would defer taxes—and most of what is involved in the budget impact is merely deferring the collec-

tion of something from the third quarter of this year over into April of next year—we are told, "Oh, my goodness, that is going to cost us some money." The practical matter of that is most of it is deferral of tax collection to a future point.

Mr. President, I believe we ought to look at some of these things in perspective, rather than to contend that those who agree with one are carrying on a holy crusade and those who disagree with one are bad people engaging in conduct unworthy of Americans.

For example, Mr. President, I heard so much conversation on the Senate floor to the effect that the bankers have done something unworthy of bankers in making their case against withholding. I had little choice but to repair to the Constitution of the United States to see if they had some support for their position. I find the first amendment of the Constitution relevant. That is an amendment that says that Congress shall pass no law prohibiting the exercise of free speech or free press, or the right of people to assemble peaceably.

Let me quote these next words: "And to petition the Government for a redress of grievances."

Now, there is the same amendment which so correctly protects the freedom of speech, freedom of press, and freedom of people to assemble. And there is the right of people to petition the Government for a redress of grievances. They thought enough of the right of people to protest that they actually wrote it right there in the Constitution and sent it out for the States to ratify in the Bill of Rights.

To chastise and scorn people for exercising their rights under the Constitution, Mr. President, is just contrary to American traditions, and we ought to stop that.

Furthermore, we ought to stop pretending that all the righteousness is on our side and all the evil is on the other side. Let me read a proposal out of the 1980 Republican Party platform, which, in my judgment, was sincerely placed there. I just have difficulty believing that those on the other side of the aisle are not as sincere as those on my side of the aisle. Let me read this language:

> We also oppose Carter proposals to impose withholding on dividend and interest income. They would serve as a disincentive to save and invest and create needless paperwork burdens for government, business, industry, and the private citizen.

Mr. President, listen to this vitriolic language: "They would literally rob"—that is not my word, Mr. President, that is the 1980 Republican platform—"They would literally rob the saver of the benefits of interest compounding and automatic dividend reinvestment programs."

Mr. President, we have been told that an article appeared in the Washington Post exposing the improper conduct of the bankers. I had to go get me a copy of that article, because every now and then you find something in the Washington Post that is very thoughtful and well done, and you cannot tell whether it is good or not until you read the article.

So, Mr. President, I went and got this article that the Senator from Kansas (Mr. DOLE), the distinguished chairman of the committee, referred to yesterday.

I wish to congratulate the person who wrote the article on Sunday, March 20, Mr. Paul Taylor. It was worthy of reference by the chairman of the Finance Committee.

Let me just read what the author said on this subject:

> One ad that especially annoyed Dole reads, in large boldface type: "Warning: 10 Percent of the Money You Earn in Interest is Going to Disappear," with the word "Disappear" fading to white.

That ad was held up for us to see yesterday, and I saw it.

> Misleading? Perhaps. But the body of the ad makes it clear that this is a withholding scheme, not a new tax, and that therefore the 10 percent is a payment against taxes that would be owed at year's end.
>
> The ad notes there are exemptions for the poor and elderly, although it objects to the red tape.
>
> A more inflammatory treatment—

This is the writer to whom I complimented for writing in the Washington Post—

> A more inflammatory treatment comes from a sample speech distributed by the ABA to member banks: "Literally, the Government will be picking the taxpayers' pockets."

Now, that is a strong statement, Mr. President. I doubt if I would go as strong as the American Bankers Association.

> "Literally, the Government will be picking the taxpayers' pockets." The Government will be able to "loot your savings account," it says.
>
> That compares with a passage in the 1980 Republican campaign platform, which opposed President Carter's withholding proposal: "They would literally rob the saver of the benefits of interest compounding."

Now, I leave it up to any fair-minded person, who is being the stronger in overstating his case? Would it be the bankers who said that they would pick the saver's pockets or would it be the Republican Convention which said they would rob him?

"Robbing" suggests that someone is breaking and entering feloniously at night or separating one from his wealth at the point of a pistol or a knife.

Mr. President, it is difficult to choose who was the more vitriolic in that regard. I suggest that we stop this thing of the pot calling the kettle black.

Now, Mr. President, to go further, the Senator from Louisiana had lost all interest in the matter some years ago until a majority of the Senate brought in a resolution taking the position that the Congress should under no circumstances engage in withholding on interest and dividends.

That was Senate Concurrent Resolution 92, 96th Congress, 2d session, June 12, 1980. This was reported on July 23, the legislative day of June 12, 1980.

Mr. President, the resolution was reported by Mr. LONG as chairman of the Finance Committee. The RECORD will show Mr. LONG did not sponsor this resolution. He had nothing to do with it. It came from others. Let me just read the resolution.

> Concurrent resolution declaring that the Congress does not favor the withholding of income tax on interest and dividend payments.
>
> *Resolved by the Senate (the House of Representatives concurring),* That it is the sense of the Congress that the enactment of a withholding tax on interest and dividend payments would be detrimental to the economic well-being of the United States.

I confess, Mr. President, the Senator from Louisiana reported that resolution to the Senate. It was not his resolution. Whose resolution was it? The principal sponsor was Mr. CHAFEE. For himself and who? Mr. DOLE, Mr. LUGAR, Mr. GOLDWATER, Mr. DECONCINI, Mr. HATCH, Mr. DURKIN, Mrs. KASSEBAUM, Mr. STAFFORD, and so forth, Mr. President, 60 Senators in all.

I ask unanimous consent that the cosponsors be printed in the RECORD, Mr. President.

There being no objection, the cosponsors were ordered to be printed in the RECORD, as follows:

LIST OF COSPONSORS

Mr. Dole, Mr. Lugar, Mr. Goldwater, Mr. DeConcini, Mr. Hatch, Mr. Durkin, Mrs. Kassebaum, Mr. Stafford, Mr. Tower, Mr. Humphrey, Mr. McClure, Mr. Cochran, Mr. Church, Mr. Helms, Mr. Pressler, Mr. Ford, Mr. Garn, Mr. Randolph, Mr. Danforth, Mr. Hayakawa, Mr. Thurmond, Mr. Pryor, Mr. Zorinsky, Mr. Hatfield, Mr. Mathias, Mr. Wallop, Mr. Young, Mr. Schmitt, Mr. Cohen, Mr. Heinz, Mr. Roth, Mr. Laxalt, Mr. Durenberger, Mr. Baker, Mr. Stevens, Mr. Warner, Mr. Armstrong, Mr. Stone, Mr. Percy, Mr. Glenn, Mr. Leahy, Mr. Morgan, Mr. Nunn, Mr. Bumpers, Mr. McGovern, Mr. Tsongas, Mr. Schweiker, Mr. Hart, Mr. Eagleton, Mr. Boren, Mr. Metzenbaum, Mr. Melcher, Mr. Stewart, Mr. Williams, Mr. Levin, Mr. Gravel, Mr. Nelson, Mr. Riegle, and Mr. Bentsen.

Mr. LONG. Mr. President, that is a majority of the U.S. Senate, ably headed by the ranking member of the Finance Committee, Mr. CHAFEE, for himself and Mr. DOLE, who was at that time the ranking member of the minority side, and who serves with great distinction as chairman of the Committee on Finance at the present time.

Mr. President, here is a statement that I read off the wire, indicating

that President Reagan charges that a compromise on social security legislation is being held hostage by "selfish banking interests and urged Congress to reject efforts to bar withholding taxes on interest and dividends."

I ask unanimous consent that this item be printed in the RECORD, Mr. President.

There being no objection, the news item was ordered to be printed in the RECORD, as follows:

WITHHOLDING

(By Jim Luther)

WASHINGTON.—President Reagan charged today that compromise social security legislation is being held hostage by a "selfish" banking industry and urged Congress to reject efforts to bar withholding taxes on interest and dividends.

"The social security and unemployment insurance lifeline that extends to millions of Americans . . . cannot be permitted to be severed by the obstruction tactics of a Washington lobby and its congrsssional friends," the President said in a written statement issued at the White House.

Because of the fight over the withholding amendment, it appears unlikely Congress will be able to meet its deadline of completing work before Easter on the $185 billion measure to shore up the troubled social security system. Lawmakers plan to recess all next week.

Reagan met with congressional Republicans today and blasted the banking lobby for its tactics, according to Senator ROBERT J. DOLE, R-Kan.

After the meeting, Dole told reporters, "The President, in one of the rare times I have seen him real!y disgusted, threw his glasses down and said he's had it up to his keister with the banking industry for their distortion and outright falsehoods on withholding on interest and dividend income."

Dole, the manager of the social security legislation and the biggest champion of withholding, said Reagan singled out the American Banking Association or its "outright false information."

In his statement, Reagan said he would have "gladly signed" the social security legislation "to relieve legitimate worries about the economic security of so many."

"Now, however, a selfish special interest group and its congressional allies are attempting to make this vital economic security bill a legislative hostage," the President said.

The amendment to repeal withholding—"based on a campaign of distortion and designed to prove that the banks and other financial institutions can still have their own way in Washington—has no place in the bill pending before the Senate," he said.

Mr. LONG. Mr. President, I find myself asking that if one is in error, why must he be so self-righteous when he changes his mind? Why should he not concede that these are matters about which honest people differ? Some people might feel strongly one way, some might feel strongly the other way, and there is a lot to be said for both sides of the argument.

I, for one, Mr. President, am not convinced—with all the mail I have received, 58,000 communications at last count, many thousands of them handwritten—I am not convinced and I cannot believe that the people of Louisiana who sent me those communications are ignorant, stupid, or incapable of knowing what they are talking about. It just seems to this Senator that people are very well informed on the subject. They have been informed by both sides. I cannot believe that they do not know what they are talking about.

Furthemore, Mr. President, when the Senator made reference yesterday to the so-called two-way mirror, this Senator cannot find any basis for getting upset about that. What it appears happened was that a public relations firm, seeking to determine how best to pursue their effort to convince the public, or persuade the public to their point of view, paid people $25 each to sit down and talk about matters. They had someone looking through one of these mirrors where you can see through one way but you cannot see through the other, seeking to observe how people reacted.

Mr. President, there is no claim of right of privacy here. These are people who accepted $25 to sit down and talk about matters of the day. Incidentally, that is good pay to talk about matters. Most people are willing to sit around a cracker barrel and talk about something for nothing, but here they are paying $25 per head to sit down and talk to you, telling you what they think about matters. It seems to me that is a pretty nice proposition. People get my opinion all the time without paying, and I pick other people's minds from time to time without any pay. I see nothing wrong about that technique.

I should think that advertising firms might decide whether to recommend that their clients should put out purple hose rather than brown hose, or green hose rather than white hose. They might pay somebody, and I think that would be a generous thing to do, to pay somebody $25 to sit down and give their opinion. One beautiful lady walks in with purple hose, and then a lovely lady walks in with lavender hose. Then they ask, "Which hose do you think is the more attractive? Which do you think would more attract the customer?"

Chances are, the person interviewed would probably answer the question based on the shape of what was in the hose. But, Mr. President, if they brought in two identical twins, then I think one might get an unbiased opinion as to which hose would be more attractive on a young lady and would be in a better position to suggest to his client which he would recommend.

I find nothing improper about that, Mr. President. It just seems to me to be one of prejudging his own position to say that there is some evil about someone seeking to test public reaction, by paying somebody $25 to talk to them about matters and recording it.

I would be willing to bet if you went out there on the street right now and you asked, "How many people can we find who would be willing for $25 an hour to talk about matters and give their judgment about matters, well understanding that somebody is going to be peeping through a mirror and recording everything they said about the subject? I would think that for $25 an hour you would find a whole horde of people out there on Pennsylvania Avenue right now who would be willing to do something like that.

I think there is no point in someone suggesting anything improper about that matter.

I do think, Mr. President, that those of us who take a position have a responsibility to report to our constituents on what we did about it. Did we prevail? Did we have a vote? Did we win or lose? Did someone filibuster and delay? What happened?

Mr. President, the majority of the Senate indicated that we do think this provision for withholding on interest and dividends ought to be repealed. Having taken that position, Mr. President, as one of the group of more than 50 Senators, this Senator is going to continue to support the repeal effort.

Does the Senator from Montana desire that I yield to him at this point, Mr. President?

Mr. MELCHER. Yes, Mr. President.

Mr. LONG. I will yield for a question, if the Senator desires or otherwise I will yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Does the Senator yield the floor?

Mr. LONG. Does the Senator desire that I yield for a question or that I yield the floor?

Mr. MELCHER. I wanted to ask a few questions, if the Senator will yield.

Mr. LONG. I believe I will just yield the floor, Mr. President.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I will be happy to yield to the Senator from Montana in a moment. I just want to compliment the senior Senator from Louisiana for upholding the banks, the ABA, and the other powerful lobbying groups. I cannot believe the Senator from Louisiana would defend the tactic of gathering 5 or 10 people together, without telling them that they are being watched through a one-way mirror, simply, because they are getting paid $25. I guess what we need to know is, did the people know they were being watched, and do we know what they were being asked, or what they were being told?

The Senator from Kansas suggests he can almost hear the questions and statements, or mistatements, based on the ads we have seen run by the American Bankers Association.

One is that the 10-percent withholding is a new tax. If you get four people together in a room, and I do not care whether it is a one-way mirror or a two-way mirror (a two-way mirror might not help very much) if you said it was a new tax, and asked "What do you say about this?" they would say "I am against it."

And then throwing more raw meat into the cage, claiming that the law will be taking away savings, or hurting the elderly, you can stimulate people pretty well.

There is no doubt in my mind that these are experts. They demonstrate how good they are. I hope we can get the name of this marketing group because if they can sell this to the Congress and the American people they can probably sell almost any candidate.

Maybe even those running for office want to look up this group. I would just suggest that if these people can market repeal of this law, which is nothing but collection mechanism, they may have a knack for selling candidates.

I do not really think that is the way the bankers in my State would deal with their grievances with the law. I do not believe there is any banker in the State of Kansas who would bring people into a room and peek at them through a mirror while somebody was feeding them some "raw meat," some inflammatory misinformation, in an effort to stimulate a proper response. I do not think that would happen—I am certain that would not happen in the State of Kansas.

I have heard a lot about the Republican platform. I did not realize the Democrats had so much interest in the Republican platform. That is the first time I have heard it mentioned in a couple of years. I am not even certain the Republicans have much interest in the Republican platform. Now we are getting all this bipartisan interest in the Republican platform. But there was a significant difference between the Carter proposal and the proposal that is on the floor today.

The Senator from Montana read with some enthusiasm a reference to the Republican platform. In the first place, the Carter plan required 15-percent withholding, not 10 percent. Second, the broad exemptions for the poor, the elderly, and the small accounts were not available. Third, the broad end-of-the-year withholding rules were generally not available under the Carter proposal. Thus, the proposal criticized by the Republican platform was very different from that of last year.

I am sorry to see the Senator from Louisiana leave. I was just going to read a statement he made on June 30, 1976. I voted with the Senator from Louisiana, he was so persuasive. The Senator from Louisiana said:

> In 1962 the House passed a proposal very similar to what the Senator is proposing here. President Kennedy worked very hard to try to get us to agree to that. I was one who held out against it and would not support it at that time because it seemed to place a very heavy burden on the banks to do all the bookkeeping and handle this. I have had friends who are in the banking business tell me that with these new computers, and they say it confidentially—they are part of a fraternity and want to work together—it is really not much of an administrative problem at all. It would be very easy for the banks to comply with this withholding.
>
> Furthermore, they have perfected the techniques to be used. Here is a situation where literally millions, perhaps 5 million and maybe even more, of taxpayers are successfully avoiding paying their taxes on interest and dividend income to the Government. As the Senator said, it is not a matter of closing a loophole, but this is just a matter of catching tax cheaters. When we let as many as 5 million taxpayers chisel and cheat on the Government it is bad for taxpayers' moral. People feel they can cheat on their taxes and get away with it. So I would hope the amendment would be agreed to.
>
> We have been under pressure to pick up some revenue to pay for the tax cut in the bill. We have had some pretty bitter fights about this. At least for the time being, if the amendment were agreed to, that would make the controversy over the budget item moot because we would have enough revenue where we would not have to argue any further about that for the time being.

He went on to say how this could be administered without any problem and President Kennedy's administration was satisfied.

Mr. President, I do not cite that to disagree with the distinguished Senator from Louisiana. We can all, as he says, stand here and say someone was on this side, someone was on your side. The broader point is that in 1982 we were faced with growing deficits, we were faced with high interest rates, we were faced with a failing stock market. The President of the United States, Ronald Reagan, said, "We have to take some tough action." One of the things he suggested was a $99 million—some say tax increase; this Senator believes it is tax reform. In that package was tax withholding of 10 percent, with a lot of exemptions to take care of elderly and other low-income people. I suggest there is a vast difference between what happened in the Carter administration and now.

It is not popular. The Senator from Kansas agrees it is not popular. I do not quarrel with those opposed to it.

I have said on this floor a half dozen times the very thing the Senator from Louisiana said. Certainly, the people have a right to petition Congress, a right to redress their grievances. I suggest they ought to do it in an appropriate way. They ought to lay out the facts and should not try to deceive the American people. They should not say it is a tax when it is not a tax. That is the quarrel we have had, plus it does bother the Senator from Kansas a little bit, I guess, because it was this Senator who, last year, made the motion to delay withholding for 6 months so the banks could work it out. I now believe that they have used that 6 months, obviously not to work it out but to do it in.

I hope the Senator from New Mexico prevails. It seems to me if we can do this, I have just talked to the chairman of the Ways and Means Committee. He is still very hopeful we can go to conference and finish the social security package this week.

Mr. MELCHER addressed the Chair.

The VICE PRESIDENT. The Senator from Montana.

Mr. MELCHER. Mr. President, very clearly, on introducing the amendment, I based my support of the amendment on considering not only the merits of reconsideration of the withholding provisions, allowing for a timeframe for both the Senate and the House to do that, but I also based it well knowing there would be revenue loss for this fiscal year. That, of course, requires a budget waiver.

We had a budget waiver on the bill. It was adopted unanimously without debate. Although the bill carries with it far more revenue loss than is involved in the revenue loss from my amendment, it was nevertheless routinely accepted by the entire Senate. No debate, a simple statement of the resolution, and unanimous adoption.

To belabor the budget waiver on this amendment is a technicality which those opposed to the amendment will attempt to use to evade voting on the merits of the issue involved in the amendment. A vote on a budget waiver does not change the issue at all on what is involved in the amendment. Being for the amendment implies agreement with the waiver.

There is no way to stretch the imagination or to stretch the record or to alter the record but what a vote against the budget waiver is a vote against the amendment itself. Since it was planned to make a point of order against the amendment for lack of a budget waiver, I offer this motion not to delay consideration of the amendment or the underlying bill but to move on, to make progress, and to do exactly what the Senator from Kansas, the chairman of the Committee on Finance, has indicated we should do, attempt to pass the bill today.

Instead of promptly adopting the waiver by unanimous consent or voice vote, we have had more of the same filibuster, more of the same argument,

hoping that, somehow, the individual Senators will either be confused or be tired of the whole argument and just vote against the budget waiver. My intention is to move as expeditiously as the managers of the bill will allow and get on with the vote, not only on this amendment but to subsequent amendments that will be offered to the bill, and get on with passage.

Reference was made to what the Treasury Department announced on March 2, where, in Treasury News, a press statement quoting the Treasury Department says:

> The Department of the Treasury today announced revisions to the regulations regarding withholding on dividends and interest and on the broadened information reporting rules, to take into account concerns raised by Members of Congress and affected financial institutions.
>
> The announcement states that Treasury will defer the effective date for withholding with respect to original issue discount instruments until January 1, 1984.

I had earlier introduced a sense of the Senate resolution which would put the Senate on record as advising Treasury to delay the withholding procedures until at least October 1. On March 2, the Treasury Department issued this statement and said they needed more time in order to implement withholding on certain instruments—which, by the way, include Treasury notes and bonds they themselves sell. They need more time to institute the tax withholding procedure on Treasury notes and bonds.

Let me ask this: Is this not the very area or rather the two areas—the original issue discount instruments including (a) Treasury bills, (b) other discount instruments where Treasury Department officials state that there is tax loss? Those are the two areas. These are the two areas the Treasury Department and the Joint Committee on Taxation agree have been the two prime areas where there has been a problem collecting the taxes due on interest.

That is where the Treasury has said that, in particular, they want to zero in, because they believe the proper amount of income taxes have not been paid on interest that holders of these bills or other instruments have. Holders of these investments have evaded paying their just taxes in many instances, Treasury officials have asserted.

What is going on here? This is the area in which they said they feel there is a large amount of cheating. They want to close the loophole, close the gap, collect the money. On Treasury's own volition they are going to delay starting withholding until January 1; hence, my amendment is offered to coincide with that. That is the area in which they want to zero in. They feel a lot of money is escaping, a lot of interest payments are escaping reporting, and therefore the taxes are not being paid on them.

By their own admission and by their own volition, under their own regulations, they are delaying the implementation of withholding procedures called for in the tax law of 1982, the very subject we are talking about.

Was there any budget waiver on that? Has anybody taken into consideration the revenue loss involved in that delay? Of course not. There is no budget waiver on that. None is necessary, because it is not before us. Yet, it is a revenue loss.

To be honest about it, in the debate on this particular point, those who are opposed to our amendment should concede what that revenue loss is.

I might point out that the Treasury says they are flexible on the bank float. In other words, they are flexible on how many days the banks or the savings and loans or the credit unions may hold the taxes amounting to 10 percent collected from each customer—how long they can retain that money before turning it over to the Treasury. The Treasury Department officials say they are flexible on that.

The chairman of the Finance Committee has stated that bankers complained about that, so the Treasury very promptly said the institutions can have another 30 days. Or is 45 days adequate? Is there a budget waiver on the revenue loss there? Or is the float time going to be extended even more? Would we even consider the revenue loss there? Of course we should, if we are going to be completely honest and fair and complete about what we are talking about in raising revenue.

I point out that what is being done does cost Treasury money. The 90,000 employees IRS has on the payroll, paid for out of Treasury funds, have work to do in connection with this particular withholding provision in the law.

There were requests for a delay in the areas I have mentioned. The Treasury Department has established the delay. They have established it under their own regulations. They have done so because they cannot get ready before then. In order to get ready for the rest of it, affecting ordinary taxpayers what they are doing is sending out with every tax refund the Form 662-A which I described yesterday. It describes to the individual taxpayer what they are going to start doing in connection with withholding on interest and dividends beginning July 1, if there is no change in the law.

I am advised that 50 million of these are being tucked in the envelopes with the refund checks. We are told by the Senator from Kansas, the chairman of the Finance Committee, that everybody who receives a social security check on April 1 will also have one of these forms inserted into the envelope along with the check. That is another 36 million. Yes, they are busy preparing these forms in order to be able to explain the collection of the taxes withheld. That costs money. There is no budget waiver on those. They have been busy preparing this brochure I have here. It is on a pretty good grade of paper. They probably cost about 6 or 7 cents apiece. The questions and answers in this Treasury Department brochure deal with withholding on interest and dividends. I will read only the last question and the answer.

The question: "Why couldn't the Government simply strengthen the information reporting system in order to accomplish the withholding?"

The answer: "Much nonreporting is due to inadvertence, forgetfulness and failure to keep records. Any attempt to reach this unreported income through information reporting and audit procedures would require millions of telephone calls, letters, and visits, many involving small amounts of tax, which inevitably would have been regarded as "harassment" of taxpayers."

Treasury Department March 2 press release describes the area in which they are going to wait for January 1, which they have identified as an area where they really want to zero in, where they feel there are large amounts of tax due from taxpayers who are evading payment. For Treasury notes and other discount instruments—there is going to be a delay until January 1 to start withholding taxes. But for ordinary taxpayers with savings accounts.

I want to return to that answer in the brochure. The last phrase says that "telephone calls, letters, and visits * * * would have been regarded as harassment of taxpayers." The word "harassment" is in quotation marks.

So, rather than harassing those individuals who they feel constitute the big area in which many tax dollars are escaping, they will delay that to January 1, and they are going to send out these forms to the rest of the taxpayers and start collecting on July 1.

I think that is the answer as to why we are getting the letters we are receiving from constituents complaining. They see through the IRS method of collection of additional taxes.

People feel it is harassment. People feel it is unnecessary. People feel it is just some more redtape. People feel it is just another step by the IRS, and they do not really believe that the cost of doing it really nets out much revenue gain.

I agree. I think in the revenue estimate by Treasury the revenue gain is overestimated. But I use their figures in stating my case. Those figures are—$1.1 billion.

My motion is for a budget waiver on the amendment and hopefully it will

be a favorable vote so we can get on to the real issue of voting on the amendment itself, pass it hopefully, and then get on with the rest of the amendments to the social security bill and final passage.

The VICE PRESIDENT. The majority leader is recognized.

Mr. BAKER. Mr. President, I will not take very long because I agree it is time for this issue to come to a head. But before we vote, I wish to make an effort to establish an historical perspective on where we are now, and how we got here.

I can recall more than a year ago, a year ago last August, in fact when I had the opportunity to meet with President Reagan and my colleague and cohort on the other side of the Capitol, the minority leader, Congressman MICHEL, and a few others. When we were talking about social security at that time it was about minimum benefits. That encounter was one of what has now grown to be a list of several cases in which I was required, according to the dictates of my conscience, to tell the President that I did not think he should do what he had proposed to do in respect to social security and minimum benefits because, as I pointed out then, I thought and I think now that social security is such a politically explosive, and such a devastatingly important political issue that unless we can drain some of the heat and energy out of that issue, Congress will be immobilized and find it impossible, or virtually so, to do the necessary reform to the system as a whole.

At that time I felt that there was the imminent danger that social security would become the No. 1 political football of this century. Perhaps it should. I do not know many issues that affect as many people as social security does, so many people are dependent and have no other recourse to a livelihood and subsistence except for social security. It is a devastatingly important issue. I thought last year and I think now, Mr. President, that on occasion the political system of the United States recognizes in its own unique and perhaps unusual way that some issues are so important that they must not be politicized, that we simply have to rise above the usual and necessary partisan political conflict and address the issue at hand on a bipartisan basis. It is not often that we act in such a manner, but when we do, I think they are the best moments of our political system.

It was in the wake of my conversation with the President and his advisers and in the wake of subsequent developments that the President sought the establishment of a bipartisan commission to consider the social security question. It was an attempt to depoliticize in, an attempt to form a commission modeled after the Water Quality Commission which was chaired by then G. Nelson Rockefeller, that commission produced a series of recommendations which were largely enacted into law and were the result of a bipartisan effort that was widely celebrated and cheered.

The President proposed that he would appoint part of the Social Security Commission, that the Speaker of the House of Representatives would appoint part and I would appoint part. Indeed this was done in collaboration with my friend and colleague, the minority leader of the Senate, and the Speaker invited the minority leader of the House Representatives to participate as well. So the bipartisan Commission on Social Security was constituted, the latest embodiment of an effort to rise above partisan political advantage to address an issue of burning, compelling importance.

And how well I recall reports of that Commission's deliberations about how pessimistic the Members were that any agreement could be reached and how their hopes were buoyed up and then dashed on the rocks of disappointment. But finally, Mr. President, the Social Security Commission produced a result and by near unanimous vote recommended fundamental and important and vital changes in the social security system on a bipartisan basis, and those recommendations were reported to the House of Representatives and to the Senate.

I recall at that time, Mr. President, that many politically seasoned observers remarked at that time, "Well, this is a good recommendation but it will never hold together, the package will fly apart because partisanship will once again emerge and destroy the best efforts of this Commission." But those remarks proved to be false, Mr. President; indeed, the package was enacted by the House of Representatives with no fundamental changes, and that is a tribute to the ability of Republicans and Democrats in the House of Representatives to rise above partisan political advantage and to address a basic need of the Nation.

So now the bill reaches the Senate, and now the challenge rests with us. Are those who predicted that the package will fly apart because of partisan consideration or personal political advantage correct? Or is the Senate going to continue the tradition that was begun by the President, extended by the Speaker of the House of Representatives and by the bipartisan Commission on Social Security, and confirmed by the House of Representatives and laid before the Senate for the final challenge? Are we going to fail to carry out that effort to depoliticize this most important fundamental political issue? That is precisely what we are confronted with at this moment.

The perspective I would propose to suggest to the Senate is this: Against that background, let me suggest that the motion to waive the provisions of the Budget Act made by the distinguished Senator from Montana in layman's terms is the following: Senator MELCHER is saying in so many words, "I ask the permission of the Senate to add an extraneous measure to this bill, this social security package, which was not recommended by the Commission, which makes a fundamental change and probably will blow this package apart. And that I recognize that it is not in order because the Budget Act prohibits it unless the Senate will grant its consent."

That is the perspective. Will the Senate grant its consent for an amendment to be offered to this package that the House of Representatives would not accept, that the Commission did not accept, and which will threaten and endanger the fundamental aspects of a bipartisan effort to cure important defects in the Social Security System?

That is what we are being asked to do, to give consent of the Senate to do what the House of Representatives declined to do, what the Commission declined to do, and what the country does not want done.

Mr. President, I am not here to argue the merits of withholding of interest and dividends. Nor do I think that should be the issue before the Senate because the Senate has decided in its wisdom to schedule a debate on that issue on April 15 this year. I did not take any offense when questions were raised about whether that would actually occur or not, and I agreed, indeed, as I recall, I suggested the possibility of calling up the chosen vehicle and making it the pending business before the Senate so that an interest and dividend withholding amendment could be offered at that time and then to lay aside that measure to resume automatically as the pending business on April 15.

Some asked: Does that mean we cannot offer it to social security? And I said, of course, it does not mean that. But I devoutly wish for a different result. I said then and I say now I hope that will not be done, and I hope the Senate will not now give its consent for that to be done, for the vote we are about to cast is not in favor of or against interest and dividend withholding; the vote we are about to cast is whether the Senate will give its consent to add this extraneous matter to the social security package. That is the question, Mr. President.

The VICE PRESIDENT. The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, I move to table the motion to waive the Budget Act——

Mr. MELCHER. Mr. President, will the Senator withhold a minute?

Mr. MOYNIHAN. I withhold without losing my right to the motion I have just made.

Mr. MELCHER. I thank the Senator for doing that. I merely want to emphasize to the Senate that a great number of the amendments that have been accepted, already accepted, do have a budget impact, and points of order were not lodged because it was agreed by the Senate to vote on the issue itself, the issue contained in the amendment.

The same point of order or the same requirement, the same procedure of insisting on a motion for a budget waiver on a particular amendment was not made. And in this case, I just emphasize that what we are voting on is the issue itself. A vote against the budget waiver is a vote against the amendment to delay starting up the withholding of taxes on savings and dividends until January 1.

Mr. MOYNIHAN. Mr. President, I move to table the motion to waive the provisions of the Budget Act.

Mr. BAKER. Mr. President, I ask for the yeas and nays.

The VICE PRESIDENT. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from New York to lay on the table the motion to waive the provisions of the Budget Act. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Wyoming (Mr. SIMPSON) is necessarily absent.

Mr. BYRD. I announce that the Senator from California (Mr. CRANSTON) and the Senator from Maryland (Mr. SARBANES) are necessarily absent.

The VICE PRESIDENT. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 54, nays 43, as follows:

[Rollcall Vote No. 38 Leg.]

YEAS—54

Abdnor	Gorton	Moynihan
Andrews	Grassley	Murkowski
Baker	Hart	Packwood
Bentsen	Hatch	Pell
Bingaman	Hatfield	Pressler
Boschwitz	Hawkins	Roth
Chafee	Hecht	Rudman
Chiles	Heinz	Specter
Cochran	Jackson	Stafford
Cohen	Kassebaum	Stennis
D'Amato	Kennedy	Stevens
Danforth	Lautenberg	Thurmond
Dodd	Laxalt	Tower
Dole	Leahy	Trible
Domenici	Lugar	Wallop
Durenberger	Mathias	Warner
Garn	McClure	Weicker
Goldwater	Metzenbaum	Wilson

NAYS—43

Armstrong	Baucus	Biden
Boren	Helms	Nickles
Bradley	Hollings	Nunn
Bumpers	Huddleston	Percy
Burdick	Humphrey	Proxmire
Byrd	Inouye	Pryor
DeConcini	Jepsen	Quayle
Denton	Johnston	Randolph
Dixon	Kasten	Riegle
Eagleton	Levin	Sasser
East	Long	Symms
Exon	Matsunaga	Tsongas
Ford	Mattingly	Zorinsky
Glenn	Melcher	
Heflin	Mitchell	

NOT VOTING—3

Cranston	Sarbanes	Simpson

So the motion to lay on the table the motion of the Senator from Montana to waive the provisions of the Budget Act was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI addressed the Chair.

The VICE PRESIDENT. The Senator from New Mexico.

Mr. DOMENICI. A parliamentary inquiry, Mr. President.

The VICE PRESIDENT. The Senator will state it.

Mr. DOMENICI. A parliamentary inquiry, Mr. President. Does this amendment violate section 311 of the Budget Act?

The VICE PRESIDENT. It does.

Mr. DOMENICI. Mr. President, I raise the point of order against the amendment under section 311 of the Budget Act.

Mr. MELCHER addressed the Chair.

The VICE PRESIDENT. The Senator from Montana.

Mr. MELCHER. Mr. President, I wish to debate the point of order.

The VICE PRESIDENT. The point of order is not debatable except at the sufferance of the Chair.

Mr. DOMENICI. Has the Chair ruled on the point of order?

The VICE PRESIDENT. The Chair has not ruled. The Senator may be heard.

The Senator from Montana.

Mr. MELCHER. I thank the Chair.

The vote which just occurred, while a procedural vote, is, nevertheless, a vote on the substantive issue. As such, it was a denial on the procedural vote of getting to the final vote on the amendment. The motion for the budget waiver was made by me and was made with full knowledge that a point of order would be raised on the amendment as conflicting with or violating the Budget Act, and I did not receive the waiver. Those waivers are generally granted by unanimous consent and indeed, sometimes not even unanimous consent is asked on a budget waiver. A vote is just taken on the amendment and the amendment is voted up or down. That is the will of the Senate as a result and the budget waiver requirement is ignored.

There are perhaps six—I am advised several—probably six amendments already accepted to this bill that impact the budget and would be subject to a point of order, requiring a waiver of the budget rules.

The usual procedure of the Senate is to vote on the issue and as far as I am concerned, the vote that has just occurred prevents a vote on the issue, making the vote on a procedural motion which is ordinarily granted without debate and sometimes, as we find even with this bill before us now, a waiver from the budget is not even asked for, but amendments have been accepted and are part of the bill now.

Mr. President, I thank the Chair very much for recognizing me. I wish to inform my colleagues in the Senate that I have no intention whatsoever, and I doubt whether anybody else would have any intention, of further taking up the time of the Senate by, for instance, appealing the ruling of the Chair, which the Chair is about to make. I do so with the firm belief that, having taken a vote, procedural or otherwise, which is on the merits of the amendment itself, there is no need to prolong the debate. The vote has been cast, the decision has been made, and the Senate will work its will as it should.

The VICE PRESIDENT. The Chair rules that the point of order is well taken. The amendment falls.

The Senator from Kansas.

Mr. DOLE. Mr. President, first, I wish to thank the Senator from Montana. I indicated for the RECORD earlier that the Senator from Montana has been conducting debate on this issue——

Mr. STENNIS. Mr. President, may we have quiet here? I would like to hear what the Senator has to say and I think others may, too.

The VICE PRESIDENT. The Senate will be in order.

Mr. DOLE. The Senator from Kansas wishes to note for the RECORD that I complimented the Senator from Montana privately. I also wish to do so publicly because he has carried on this debate in a very high-level manner. I am willing now to move very quickly to finish the social security package. I think we can do that. I would appreciate the cooperation of all Senators with amendments.

It is my hope to stay in session as long as we wish tonight or until early morning. I have had a conversation with the chairman of the Committee on Ways and Means. He would still like to go to conference, if possible, tomorrow afternoon or early Thursday and pass this and have it on the President's desk sometime between now and the weekend, or early next week.

I think the pending amendment was the amendment of the distinguished Senator from Pennsylvania. Is that correct?

I would like to make a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. DOLE. Is there an amendment pending?

The VICE PRESIDENT. Only the substitute amendment is pending.

AMENDMENT NO. 528

(Purpose: To remove the Social Security Trust Funds from the unified budget)

Mr. HEINZ addressed the Chair.

The VICE PRESIDENT. The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I call up my amendment No. 518 and ask for its immediate consideration.

The VICE PRESIDENT. The amendment will be stated.

The bill clerk read as follows:

The Senator from Pennsylvania (Mr. HEINZ) proposes an amendment numbered 528.

Mr. HEINZ. I ask unanimous consent that further reading be dispensed with.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment is as follows:

At the end of title I, insert the following:

REMOVAL OF SOCIAL SECURITY TRUST FUNDS FROM THE UNIFIED BUDGET

SEC. . Part A of title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"REMOVAL OF SOCIAL SECURITY TRUST FUNDS FROM THE UNIFIED BUDGET

"SEC. 1136. (a)(1) For the fiscal years beginning after September 30, 1984, and ending before October 1, 1988, the President shall, in accordance with the second sentence of section 1104(c) of title 31, United States Code, establish a separate functional category for requests for new budget authority and estimates of outlays for the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, and the Federal Supplemental Medical Insurance Trust Fund, and a separate category for estimates of revenues for such Trust Funds and estimates of revenues from taxes imposed under sections 1401, 3101, and 3111 of the Internal Revenue Code of 1954. The categories established by the President pursuant to the preceding sentence shall be used in the preparation and submission of the budget under section 1105(a) of title 31, United States Code, for each such fiscal year. The budget submitted under such section for each such fiscal year shall not classify requests for new budget authority and estimates of outlays and revenues for such Trust Funds and estimates of revenues from taxes imposed under sections 1401, 3101, and 3111 of the Internal Revenue Code of 1954 under any functional category other than the categories established by the President pursuant to this paragraph.

"(2) Notwithstanding any other provision of law, any concurrent resolution on the budget considered under title III of the Congressional Budget Act of 1974 for a fiscal year beginning after September 30, 1984, and ending before October 1, 1988, shall use the categories established by the President under paragraph (1) in specifying the appropriate levels of new budget authority and budget outlays for the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, and the Federal Supplementary Medical Insurance Trust Fund and in specifying the recommended level of revenues for such Trust Funds and revenues from taxes imposed under sections 1401, 3101, and 3111 of the Internal Revenue Code of 1954. A concurrent resolution on the budget considered under title III of the Congressional Budget Act of 1974 for any such fiscal year shall not classify the appropriate levels of new budget authority and budget outlays for such Trust Funds or the recommended level of revenues for such Trust Funds and revenues from taxes imposed under sections 1401, 3101, and 3111 of the Internal Revenue Code of 1954 under any functional category other than the categories established by the President pursuant to paragraph (1).

"(b)(1) Notwithstanding any othe provision of law, at the time the President submits the budget under section 1105(a) of title 31, United States Code, for any fiscal year beginning after September 30, 1988, and at the times the President submits the supplemental summary and changes in budget authority, outlays, and receipts under section 1106 of such title for any such fiscal year, the President shall transmit to the Congress a separate statement specifying requests for new budget authority and estimates of outlays for the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund for such fiscal year and estimates of revenues for such Trust Funds and revenues from taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954 for such fiscal year. The budget for any such fiscal year submitted under section 1105(a) of title 31, United States Code, and any supplemental summary or changes in budget authority, outlays, and receipts submitted under section 1106 of such title for any such fiscal year, shall not contain any requests for new budget authority or any estimates of outlays or revenues for any such Trust Fund for such fiscal year or any estimates of revenues from taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue code of 1954 for such fiscal year.

"(2) Notwithstanding any other provision of law, any concurrent resolution on the budget considered under title III of the Congressional Budget Act of 1974 for any fiscal year beginning after September 30, 1988, shall not include in the provisions specifying—

"(A) the appropriate level of total new budget authority and total outlays required under section 301(a)(1) of such Act for such fiscal year;

"(B) the estimates of total new budget authority and total outlays for each major functional category required under section 301(a)(2) of such Act for such fiscal year; or

"(C) the recommended level of Federal revenues required under section 301(a)(4) of such Act for such fiscal year,

any amounts attributable to budget authority and outlays for the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund for such fiscal year or any amounts attributable to revenues for any such Trust Fund or revenues from taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954 for such fiscal year.

"(3) Any concurrent resolution on the budget considered under title III of the Congressional Budget Act of 1974 for any fiscal year beginning after September 30, 1988, or any amendment thereto or any conference report thereon, shall not contain any specifications or directions described in the second sentence of section 310(a) of such Act which relate to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or revenues from taxes imposed under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954.

"(c) The budget outlays of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund for any fiscal year beginning after September 30, 1988, shall be exempt from any general limitation imposed by statute on budget outlays of the United States, including any limitation on net lending.

"(d)(1) For the fiscal year beginning on October 1, 1988, and the succeeding fiscal years, the President shall, in accordance with the second sentence of section 1104(c) of title 31, United States Code, establish a separate functional category for requests for new budget authority and estimates of outlays for the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund and a separate category for revenues for such Trust Funds and revenues from taxes imposed under sections 1401(b), 3101(b), and 3111(b) of the Internal Revenue Code of 1954. The categories established by the President pursuant to the preceding sentence shall be used in the preparation and submission of the budget under section 1105(a) of title 31, United States Code, for each such fiscal year. The budget submitted under such section for each such fiscal year shall not classify requests for new budget authority and estimates of outlays and revenues for such Trust Funds and estimates of revenues from taxes imposed under sections 1401(b), 3101(b), and 3111(b) of the Internal Revenue Code of 1954 under any functional category other than the categories established by the President pursuant to this paragraph.

"(2) Notwithstanding any other provision of law, any concurrent resolution on the budget considered under title III of the Congressional Budget Act of 1974 for a fiscal year beginning after September 30, 1988, shall use the categories established by the President under paragraph (1) in specifying the appropriate levels of new budget authority and budget outlays for the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund and the recommended level of revenues for such Trust Funds and for revenues from taxes imposed under sections 1401(b), 3101(b), and 3111(b) of the Internal Revenue Code of 1954. A concurrent resolution on the budget considered under title III of the Congressional Budget Act of 1974 for any such fiscal year shall not classify the appropriate levels of new budget authority and budget outlays for such Trust Funds or the recommended level of revenues for such Trust Funds and revenues from taxes imposed under sections 1401(b), 3101(b), and 3111(b) of the Internal Revenue Code of 1954 under any functional category other

than the categories established by the President pursuant to paragraph (1).

"(e) The provisions of subsections (a)(2), (b)(2), (b)(3), and (d)(2) are enacted by the Congress—

"(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

"(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

"(f) For purposes of this section—

"(1) the term 'budget outlays' has the same meaning as in section 3(1) of the Congressional Budget and Impoundment Control Act of 1974;

"(2) the term 'budget authority' has the same meaning as in section 3(2) of such Act; and

"(3) the term 'concurrent resolution on the budget' has the same meaning as in section 3(4) of such Act.".

Mr. HEINZ. Mr. President, this amendment was put into the RECORD by me on Friday. This is the amendment that would remove social security trust funds from the unified budget. On Friday, I spoke at some length on the merits of this amendment. We did not take the amendment up at that time out of fairness to Senator DOMENICI and Senator CHILES who had engagements out of town and have very strong views on the amendment. We wanted to be sure we could fully debate this amendment. I shall not repeat for the Senate all the remarks I made on Friday. I shall simply summarize the arguments I made.

Before I do that, however, I am advised that Senator PERCY and Senator RIEGLE wish to be cosponsors of this amendment. I ask unanimous consent that they be so included.

The PRESIDING OFFICER (Mr. GOLDWATER). Without objection, it is so ordered.

Mr. HEINZ. Mr. President, first, I want to make clear to my colleagues that this amendment would remove the operations of the OASI and DI trust funds from the President's budget, from the concurrent resolution, and from the reconciliation process, effective with fiscal year 1989. In that respect, it tracks the House amendment that is in the House bill, H.R. 1900. Some have suggested that we should separate OASI and DI from the unified budget but leave it in the reconciliation process. Leaving OASI and DI in the reconciliation process might remove it from the budget on paper but it would leave social security in the budget process in fact.

Legislating social security changes as part of the budget reconciliation process is, in my opinion, very unsatisfactory regardless of which piece of paper you use to account for its operations. With social security subject to reconciliation, it seems to me we would still be forced to debate social security changes in the context of the annual effort to reduce budget deficits. And we would be forced to do that this year, next year, and the year after because, as we look at those horrendous budget deficits, they show no signs of disappearing on any horizon that this Senator is able to see.

Furthermore and most importantly, Mr. President, I believe the greatest source of public confusion and public cynicism about social security financing comes from the fact that we have been talking about the financing problem and our tremendous budget deficits in the same breath. How is anyone out there supposed to know that we are not balancing social security on the backs of the elderly, as some say, or not raiding the trust funds to finance the defense budget as some have accused us of trying to do, if we are making all of these judgments at the same time each year as part of the budget process?

I want to be very clear about this, Mr. President: the amendment I am offering would remove social security OASI and DI from reconciliation and require Congress to address the budget and social security as separate issues.

Why do I think we ought to treat social security separately? For one thing, it used to be separate. It was only in 1968 that we combined it with the rest of the Federal budget. It has always been a very distinct kind of Federal program. That is why I think it should be separate now.

What kind of a program is it? Unlike any other kind of program, it is a social insurance program. It is not welfare, it is not even like the medicare program, where the benefits of the medicare program bear no relationship to the amount of contribution. This is a program that is financed by its own worker tax contribution quite apart from the income tax we use to finance most other Federal program. It is judged over a far longer period of time than most other Federal programs in the Federal budget process. The Congress reviews fiscal policy with a 1-year, or a 3-year, or, maybe, on the rarest of occasions, a 5-year horizon. Most changes made in spending or taxes through the budget process take effect within a year or two—usually a year or less—with very little warning to those affected.

On the other hand, the social security program has a horizon that is much longer. This bill looks forward 75 years. We cannot and we do not, in this solvency bill, cut benefits in the program quickly, because those now retired make a lifetime of payments in the expectation of receiving benefits, benefits that we do not want to change quickly, because that would force them to change their retirement plans significantly.

By the same token, those working today in expectation of receiving benefits in 20 or 30 years need adequate, fair warning to adjust their retirement plans. That is why when we change the retirement age, we do it in the next century, some 30 years from now, before it becomes fully effective.

So in this social insurance program, they review this financial status with the help of actuaries not over a 3-year or a 5-year or even a 20-year horizon but over a 75-year period.

To consider social security only in terms of its financial condition in the next year or so forces Congress to make changes on short notice to achieve immediate budget savings and destroys the notion we have tried so hard to create, that social security is a retirement program that younger workers today can count on tomorrow.

Until social security financing is sparated from the annual search for some kind of quick fix in the budget, younger workers are going to be hesitant to plan on social security, to plan on having its benefits, and they will remain cynical about not just the program but also the Congress that proposes to defend it.

Mr. President, there is another danger included in the OASDI cash benefits program, the annual budget process, and that is that the immense size of this program makes it an irresistible target for budget cuts, whether or not those cuts are needed to finance the program.

With $200 billion a year in budget deficits facing us for as far as we can see, absent a good deal of action, and social security accounting for $1 out of every $6 we expect to spend in that budget, sooner or later somebody is going to come along in the search for budget cuts and latch onto social security. Even though we do not think that is going to happen today or next year, mark my words, that is what will happen.

Social security is a tempting target, because, with 35 million beneficiaries and 150 million contributing workers, a very small change in the program can result in substantial revenues or substantial savings in outlays in a very short period.

I have seen on this floor some very small changes made in the last 3 days that, frankly, will result in tens of billons of dollars difference in the next several years on what is in—or, in this case, not in—the social security system. Some of my colleagues did not even know what was happening at the time, I suspect.

Only when social security is out of the unified budget and the annual budget process, can we assure ourselves and the public that changes made in the program are to improve

the financing of the program and to insure its solvency and that they are not there to eliminate our budget deficits.

Mr. President, some of our colleagues are concerned that social security spending will rise uncontrollably in the future, and they feel that only keeping social security in the budget will force Congress to exercise fiscal discipline in this program. In my opinion, social security is an amazingly stable program in the long run. That is contrary to the conventional wisdom, but the statistics belie the conventional wisdom. OASDI outlays are expected to fluctuate, roughly, between 4 percent and 6 percent of GNP over the next 75 years; but 75 years from now, they are expected to be about where they are today—about 5 percent of the gross national product.

It seems to me that having its own dedicated payroll tax clearly identified as such on payroll stubs is the best source of fiscal discipline for this program. I cannot imagine, for the life of me, how mixing this financing with financing of every other program helps Congress control the cost of this program. It seems to me that the more we mix it in, the more difficult it is to control anything. The more apparent the separate financial condition of the program is, the more exacting Congress will be in assuring that it is financed adequately.

If you look back at the last 2 years, 1981 and 1982, I think you will agree with my case. In 1981 and 1982, the Budget Committee came along and said we need $40 billion or $20 billion or $10 billion to make the social security system solvent.

No. 1, not only did we not believe that was enough to make the system solvent—those of us who have a little knowledge of the system—but also, the American public did not believe that those changes had anything to do with social security, just were needed to make the President's budget look a little better.

If we look at the financing for the OASDI program over the next 75 years, I think it is apparent that even though the program is expected to be financed adequately as a result of the measure before us, it will present serious problems of a magnitude we cannot fully realize now to the budget process.

I have a chart behind me, Mr. President. The chart I have here has been prepared on the basis of the bill reported by the House Ways and Means Committee. Unfortunately, that bill, which is far different from the one the House passed and sent us, included a hefty tax increase that we do not have in our bill. We chose to restrict the growth of benefits instead. Nonetheless, the charts show us quite clearly that over the next 30 years the social security system is going to develop some very, very large surpluses, and that sometime after the year 2020, social security will start spending those surpluses as a result of experiencing a number of years of very significant annual deficits.

As I think my colleagues can see on the second chart, OASDI trust fund reserves will begin to grow quite steeply starting in 1990, very steeply indeed, until about the year 2015 or 2020, when they will reach a peak of nearly $3 trillion. In 1983 dollars, not 2020 dollars, $3 trillion in reserves.

What does that mean? What it means is that we are going to be under more temptations than Adam and Eve ever dreamed of to spend those reserves on things on which they should not be spent.

By the time we wake up to that problem and wake up and find that we have created a whole new set of spending programs, about that time we are going to start finding out that we are running huge deficits in the social security programs as we now know we are going to do and as we have provided for, and we will not have the money to pay our social security benefits that we are promising people today.

Mr. President, unless we separate social security from the budget it is absolutely inconceivable to me that we are going to be able to finance social security in any kind of a rational way in the long run, even though spending in this program is expected to be relatively stable in relation to the economy.

Left in the unified budget there does not seem to be anything we are going to be able to do except spend social security surpluses on other programs in the surplus years and cut social security in the deficit years.

Mr. President, that clearly is bad and irresponsible budget policy, and it is irresponsible and destructive social security policy.

So I ask you, Mr. President, what assurance can we provide young workers that retirement benefits are going to be there if we know right now we are going to slash benefits beginning in every year starting in the year 2020? Without some assurance that this program will be treated like the social insurance program that it is, how can we expect young workers who are paying into social security today, nearly 100 million of them, to trust that the benefits that they pay in taxes are going to be there when they retire 30 years from now?

The answer is unless we separate social security as I provided, I do not think we can. The only answer is for this Congress to take strong action to restore public confidence in the social security program before the broad-based public support for this program begins to unravel.

The bill before us, as amended by the Finance Committee, H.R. 1900, is a very good bill in that respect, not that everyone likes everything in it, but it does do the job that we have been saying should be done, namely, to either raise the revenues or slow the growth of benefits so there will be a social security system for young people and their children when they eventually retire.

But if we just leave it at that, if we do not take the second step, if we do not insure that the surpluses we produce from passage of this legislation will be protected we will be back here on this Senate floor—it may be 20 years from now—and we will be saying to ourselves, "I thought those fellows back in 1983 solved the mess, but look at the mess we are in now."

Mr. President, we do not have to be in that kind of mess 20 or 30 years from now. Announcing our intention by the adoption of this amendment today, to treat this program responsibly with an eye to the long-term commitment that underlies it, is the way to address that concern.

So I ask my colleagues to join me in assuring that social security will be treated responsibly by separating it from the unified budget and the annual budget process.

Mr. STENNIS. Mr. President, will the Senator yield briefly to me?

Mr. HEINZ. I am pleased to yield to the Senator from Mississippi.

Mr. STENNIS. Let me commend as well the Senator for a fine explanation here of this highly important amendment. It shows thoroughness, completeness, and represents a lot of work on his part. He has rendered a real service here in preparing and delivering that speech.

I did not get to hear the first part, but I understand this is an unconditional and complete separation from what I call the general budget and sets all of these funds for this particular purpose up in the budget of its own.

Mr. HEINZ. The Senator is correct.

Mr. STENNIS. I do not think the Senator could have chosen a more important subject with reference to the entire matter that we have this year.

Mr. President, I ask unanimous consent that I may be joined as a cosponsor, one of the sponsors of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Again I thank the Senator.

Mr. HEINZ. I thank the Senator from Mississippi for his very kind remarks. I am honored to have him as a cosponsor.

Mr. STENNIS. I thank the Senator.

Did the Senator say it is going to reach a point in the year 2020 or 2030, somewhere in there, of $3 trillion? What were his figures?

Mr. HEINZ. The Senator is correct. According to the analysis of the Ways

and Means Committee bill there will be a surplus that will under their bill approach some $2½ trillion to $3 trillion. We are used to dealing with billion around here. But I say again this is trillion dollars, which is nearly inconceivable, but that amount will take more than twice our current national debt that we all say we are never going to be able to pay off.

Mr. President, if the Senator will permit me, this is the way we can eliminate a very substantial amount of that national debt because social security will be able to absorb it and in that respect such investments will be in the social security system and most welcome rather than in the general funds of the Treasury.

Mr. STENNIS. I was here when it was separated. Very few knew when it happened.

Mr. HEINZ. Not everyone can make that statement.

I thank my good friend from Mississippi.

Mr. RIEGLE. Mr. President, if the Senator has completed, I wish to make a statement.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. RIEGLE. I thank the Chair.

Mr. President, I am pleased to join with my colleague from Pennsylvania, Senator HEINZ, in offering this amendment which would remove social security from the unified Federal budget.

I think it is important to know that Senator HEINZ served in a distinguished way on the Social Security Commission and the Social Security Commission has made this recommendation.

The amendment that he and I and the other cosponsors are offering today is an amendment that had the endorsement of the Social Security Commission, which included other distinguished Senators, including that of the Senator from Kansas, Senator DOLE, and Senator MOYNIHAN.

So we have in behalf of this concept the full endorsement of the National Commission on Social Security, and this particular item was also included in the House-passed bill. So this is not a new issue.

This is an issue that has been looked at at length. It has been debated at length and, as I say, is a recommendation of the President's Commission on Social Security.

The amendment we are offering today would first require that in fiscal year 1984 the three social security trust funds, the old age and survivors, disability, and hospital insurance trust funds, all of which are funded through a separate payroll tax, be included in a separate functional category in the Federal budget. Also included in this separate budget function would be the Federal supplementary medical insurance trust fund which is mostly funded from general revenues. In the fiscal year beginning in 1989, the old age and survivors and disability trust funds, which are payroll financed would be removed entirely from the unified budget, while the hospital insurance and Federal supplementary medical insurance trust fund would be retained in its separate functional category.

As a member of the Budget Committee, I am particularly concerned that any changes that are made in the social security system are considered for reasons relating to social security and not become tied up in the endless debate on other Federal budgetary considerations. As recently as last year the administration endorsed budget included $40 billion in unspecified cuts in social security. The cuts which were recommended at that time had the appearance of helping to reduce the Federal deficit but offered no assurance that social security benefits were not being cut beyond what was necessary to preserve the social security system by itself as a free standing entity.

One need only review the events of the last 2 years to see the justification for this concern. In May 1981, the Reagan administration unveiled a package of massive and unprecedented cuts in social security, whose magnitude went far beyond anything reasonably needed to protect the safety of the social security trust funds. The administration's proposal would have built up substantial reserves in the social security trust funds which would be applied toward helping the administration meet its other objectives in the Federal budget. That same year we saw the reconciliation bill—an arm of the budget process—used as the vehicle for elimination of the minimum social security benefit and making other reductions in the program. Also, last year during consideration of the budget resolution, further attempts were made to enact unspecified cuts of $40 billion out of the social security system. These cuts would have produced budget "room" for other Federal spending categories without any assurances that social security benefits would not be cut beyond what is absolutely necessary to preserve the system's financial integrity.

So I think it is clear what ought to be done here is what the Social Security Commission named by the President has recommended, namely we separate these funds out of the budget, and that we handle them on their own basis.

We are taking the other steps to insure their integrity in terms of new outside public participants on the board and by the financial steps that we are taking to put the system on a sound financial footing from an actuarial point of view. The particular recommendation of the Commission we are now considering is fully in keeping with that set of moves, and I think the best and surest way for us to eliminate the temptation to go in and, as the Senator from Pennsylvania says, try to latch on to those social security reserves in future years as those reserves build up. What we are doing here is to take and move them over into a separate category where we cannot get at them in the budgetary framework and where the financial integrity of social security and the revenue-benefit relationships will be maintained solely in their own right and protected in that fashion.

Mr. President, in addition to concerns what social security should not be part of the political forces which are part of the budget process, we must remove the temptation to use social security trust funds to disguise the extent of the deficit in the rest of the budget. Fluctuations in trust fund balances are cushioned by trust fund reserves, but as long as social security remains a part of the unified budget they also appear to effect the Federal deficit or surplus, which provides misleading information of the annual budget deficit.

Over the past few years, social security has been running an annual deficit and thereby paying benefits out of the reserves in the trust funds. This made it appear that the Federal Government had to engage in new borrowing, when in fact the total deficit created by the shortfall in social security revenues was met by using surpluses from previous years. In addition, in the next few years, after we enact the legislation we are now considering, the social security trust funds should be running a rather large surplus. Under the compromise package it is estimated that by fiscal year 1988 the trust funds will have a surplus of over $14 billion. If social security is included in the deficit totals for that year, it will appear that the Federal Government will have to borrow less to meet the Government-wide shortfall, when in fact, the surplus in the social security trust funds must be kept in reserve for future social security beneficiaries.

Mr. President, finally I would like to make it clear that I do not believe that placing the social security trust funds in a separate functional category, removing it from the unified budget, and removing it from the reconciliation process will solve either the financing problems of the social security system nor problems with the Federal deficit. It was not intended to do that. What it will do is clarify the choices which must be made on both of these vital issues and insure that those decisions are made fairly.

As I say, and I do not think it can be said enough, we had Senators from our body here serving on the Social Security Commission. That Commission was dominated 2 to 1, 10 members

to 5, by appointees of the President himself, and that Commission made this recommendation.

I say to the Senator from Mississippi and others, the Commission itself made this recommendation. The chairman of the Senate Finance Committee was on that group and was party to this recommendation. The House has adopted it in their bill, and it ought to be in here because it provides, I think, every person in this country with certain knowledge that the social security funds are going to be treated in their own right, there will be no tampering and people want that. That is one thing that has come out of this debate as these concerns have arisen out in this country, people who are paying into the social security system day in and day out want that money set aside and they want it kept inviolate and they do not want it left in any fashion where moves can be made to change the social security arrangements in order to try to meet certain other spending priorities within the Federal budget.

There is a need for a clear division here. These are trust funds, and "trust" implies a special fiduciary arrangement, and by separating this out in this fashion we will be in a much better position to protect this money, to see the integrity of the system exists over a longer period of time and, I think, restore the confidence of the American people.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I do not want to take a lot of time but I understand the distinguished Senator from Florida desires to speak on this subject and he will be here shortly. I will take a few minutes though.

I would like to remind the Senate that the blue ribbon panel on social security reform was established to provide the Congress with a set of recommendations to close the funding gap in social security. The Social Security Reform Commission was not established to review Federal budgetary practices. There was such a panel about 15 years ago, the President's Commission on Budget Concepts, and that Commission reviewed the way the Government handled its budgetary duties and found a lot of things wrong.

The Budget Concept Commission decided that the different and competing budgets confused the public and Congress and impeded governmental decisionmaking. It recommended that a single unified budget should be adopted to improve the utility of the budget. This unified budget would include all of the trust funds, including social security.

Mr. President, I bring up that bit of history to illustrate a point. The Commission established to reform social security arrived at a conclusion totally different and at odds with the Commission established to address reform in budgeting. If we were to appoint a similar budget commission today to study budget questions, what might they conclude? Such a commission, consistent with the blue ribbon commission, would probably include the chairman of the House Budget Committee, the chairman of the Senate Budget Committee, and maybe even the Director of the Office of Management and Budget.

What would they say about removing social security from the unified budget? Mr. President, we do not have to speculate about what they might say. Instead we can refer to a letter that I and the other two principals sent to the Social Security Reform Commission. The letter states:

> We strongly recommend that the social security program remain in the unified Federal budget.

The letter explains the reasons behind the recommendation, and I ask unanimous consent that the letter be made a part of the RECORD after my remarks so that the Senators may review the text.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DOMENICI. Another member of a commission to review budgetary practices would certainly be the Director of the Congressional Budget Office. Again we do not have to speculate as to what the Director of the Budget Office might say. We have a recent letter and I ask unanimous consent it be made a part of the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. DOMENICI. Dr. Rivlin states at one point in her letter:

> [F]rom the perspective of good budgeting practice, the proposal to remove amounts that represent about one-quarter of all Federal spending is inadvisable . . . It is comprehensiveness, and integrity of the unified budget be maintained.

Finally, a commission might include representatives of the groups affected by the change. What would the largest group of retirees, the American Association of Retired Persons say? Again we do not have to speculate. We need only refer to their written statement:

> On behalf of our more than 13 million members, we urge, in the strongest possible terms, that you not be stampeded into supporting any legislation that would remove social security from the "unified budget."

I ask unanimous consent that letter be made a part of the RECORD also.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 3.)

Mr. DOMENICI. I do not mean at all to denigrate the action of the Social Security Reform Commission on the budget issue. But this Commission was not established to review budgetary treatment of social security. If it had been established for that purpose it would have been composed of somewhat different members. What these letters show without doubt is that a commission charged with reviewing the role of social security in the budget would have arrived at a decision to leave social security in the unified budget. That was true 15 years ago; it is true today.

Mr. President, the argument that social security will in the future, God willing, and we hope, have some significant reserves and therefore it ought to be taken off budget because of those reserves just does not make any sense.

One would conclude that because it is going to have reserves in a trust fund that we are going to spend trust fund money. What is next? We have a highway trust fund. It has been on the unified budget. We do not spend everything that is in that trust fund every year. It is accounted for. If you want to go look at the account, you can find it.

The next logical thing is: Why do we not take the highway trust fund off budget? What is the next logical thing?

Mr. CHILES. Aviation.

Mr. DOMENICI. The aviation trust fund. Then you can look at the other pensions, including the military and the civilian pensions. Why do we not take them off, and in particular the civilian pension trust fund? That is said to be an annuity and the moneys are supposed to be there; even if they are not, some think they are. We can take it off. Then we can start funding it out of general funds, and we will not even have on the budget what we are funding with general funds.

So, Mr. President, the argument that we are going to have excesses, surpluses in that fund that comes from tax dollars, that spends money into the American economy, that has reserves that have to be invested, that probably all by itself has more economic impact in terms of looking at what happens to the American economy—how much are we taxing for it? How much are we spending as a proportion of the GNP? We are going to say let us take that one that has the most impact—and there is nobody that thinks any other fund has more impact—and we are going to set it over on the side and say it is not part of the American budget.

We cannot really believe that is what will happen if we take it off budget. We are going to be bringing it back on budget every time we look at the effect of Government, taxes, spending, trust funds on the economy of the United States. Why not put it where it belongs? Put it in the unified budget.

The fact that you have reserves does not mean that you can spend trust fund moneys for those items that are in a national budget that are not part of the expenditure of trust fund moneys. They will be accounted for as they have been in the past.

I compliment my friend from Pennsylvania. He has worked very hard on this. He has a genuine concern. I just do not believe that the concern that he expresses that we might at some time be tempted, as he has described here—is sufficient reason to take this important segment of the economy and take it off budget.

Mr. President, it is obvious to my that this amendment violates the Budget Act and, at the appropriate time, I will make a point of order, but I will not do it at this point.

Mr. President, I want to restate some of the reasons I oppose the effort to remove the social security trust funds from the unified Federal budget. Such a move would be bad economic and budgetary policy. It would not contribute $1 to closing the enormous funding gap in the social security program.

I think it is time to examine some of the arguments made in favor of removing social security from the budget. The first argument is that Congress has made changes in the social security program solely to achieve short-term budgetary policy.

This argument is not valid. Recent proposals to change social security have not been made simply to reduce the unified budget deficit. Changes were suggested because trust fund reserves declined to critically low levels. Changes were suggested because they were—and still are—needed to insure that all benefit checks go out come July of this year, and every month thereafter.

A second argument is that social security has somehow suffered by being included in the unified Federal budget. This argument is also invalid. During recent years, the inclusion of social security and medicare within the Federal budget has actually caused deficits to be larger than they otherwise would have been. Since 1969, when social security was first included in the budget, the Federal deficit has been less only four times. In 10 years, social security made the Federal deficit deeper.

The next argument I want to challenge is that social security should be removed from the budget to protect its viability as an intergenerational retirement plan. It is true that social secuity has a long horizon—we look at it in 75-year chunks. However, Congress would need to take all other retirement programs off budget to be consistent. We would need to remove Federal civilian and military retirement, and many smaller programs.

Congress has already given an indication of how it feels about the validity of this argument. Last year, the President proposed to removed the railroad retirement program from the unified Federal budget. Neither the House nor the Senate even considered that proposal. I do not think it would be logical to remove one program and not other similarly situated programs.

Another argument frequently made is that social security should be removed from the budget because it is a trust fund program. Again, all trust funds would need to be removed from the budget to be consistent. That would mean lumping social security and Federal employee retirement into the same category as, for example, the highway trust fund. Removing all trust funds would mean about 35-percent less budget coverage of spending and taxation.

If Congress allows social security to be excluded from the budget on the grounds that it is special, what program will be next? Will we exclude national defense because it is too important to handle on a year-to-year basis? That has already been proposed, and it will be much more difficult to deny if we set a precedent with social security.

Another argument sometimes made for removing social security from the budget is that public understanding of the budget and social security would improve. This is simply not the case. It would, instead, make it appear that Congress wants to hide Federal budget realities from the American people. The media and the public would justifiably accuse Congress of sweeping its problems under the rug.

There exists a great misperception that removing social security from the budget will somehow help resolve the financial problems of the system. Let me lay that myth to rest. Removing social security from the budget does not contribute $1 to social security solvency.

In fact, it may increase the future financial problems of the system by making it more difficult to arrange temporary or permanent infusions of general revenues. This may be a particular problem for medicare, given its bleak financial future.

I want to commend my colleague from Pennsylvania, the chairman of the Committee on Aging, for alerting us about the problems of dealing with the large surpluses expected to build up in the retirement trust funds in the years beyond 1989. It is critical to allow those reserves to accumulate so that we have funds to pay for all benefits when the baby boom generation retires.

We must not be tempted to use these reserves to pay for deficits in defense or welfare or any other Government programs. We must, instead, insure that the reserves are not used to cover the massive deficits we face in the medicare program. We must also insure that these future surpluses do not tempt future Congresses to increase social security benefits for short-term political gains.

These are indeed serious problems, and I am sure my colleague from Pennsylvania will help us find a way to insure that the large reserves do not lead us into temptation.

Mr. President, I recognize that the effort to remove social security from the budget is intended only to help the social security program. Unfortunately, the arguments in favor of removing it are weak.

Social security programs, like all other programs, must be reviewed constantly to assure that they are fulfilling the basic objective of providing a timely and adequate income for our Nation's retirees, survivors, and disabled. Removing social security from the budget process would only make such review much more difficult.

EXHIBIT 1

U.S. SENATE,
COMMITTEE ON THE BUDGET,
Washington D.C., December 2, 1982.

Dr. ALAN GREENSPAN,
Chairman, National Commission on Social Security Reform, Washington, D.C.

DEAR ALAN: As stewards of the federal budget process, we strongly recommend that the social security program remain in the unified federal budget. It would be deceptive and unproductive to remove social security from the budget, as many members of the National Commission on Social Security Reform are suggesting. This option would not contribute one dollar to closing the $150 billion to $200 billion short-term deficit the commission identified in the retirement trust fund. It would merely obscure the problem.

Commission memorandum number 53 explained some of the pros and cons of including social security in the unified federal budget. We would like to add to this memo a few more reasons for keeping social security in the budget.

Social security trust funds involve so much money—over one quarter of all federal outlays—that to omit them from the budget would misrepresent the government's activities and their economic impact.

Inclusion of trust funds in the unified budget allows for a more honest and straightforward budget presentation. The American people are thus able to see clearly how the government spends revenues.

Social securitiy funds may not be used to pay for other government programs or to balance the budget. These funds have always been used to pay benefits and administrative costs for social security only, and will continue to be used only for those purposes. Keeping social security in the budget does not threaten its separate status.

Social security programs, like all other programs, must be reviewed constantly to assure that they are fulfilling the basic objective of providing a timely and adequate income for our nation's retirees, dependents, and disabled; removal of the program from the budget would make such review more difficult.

The public will perceive any changes in the present social security accounting

method as manipulation and an attempt to hide the mandate of the social security financing problem.

The National Commission was established to solve the social security problem, not substantially alter the federal budget process.

We are sympathetic to the desires of the members of the commission to ensure that social security is not used to improve or mask the overall budget picture. There is a simple and honest way to do this. Social security could be displayed within the present unified federal budget as a separate budget function, apart from other income security programs. This would clarify the trust fund nature of the program while retaining its impact within the federal budget. We would be willing to work for such a change in categorization if the commission believes it would increase public understanding of the relationship between social security and the rest of the budget.

We commend the members of the commission for the hard work and bipartisan spirit that they put into this difficult task. We believe that a great deal of this progress will be eroded if the commission recommends a change in how we present social security in the budget but fails to recommend a set of concrete ways to ensure the solvency of the system. As the American public is well aware, taking social security out of the budget does nothing to solve the social security financing problem.

Sincerely,

PETE V. DOMENICI,
Chairman,
Senate Budget Committee.
JAMES R. JONES,
Chairman,
House Budget Committee.
DAVID A. STOCKMAN,
Director,
Office of Management and Budget.

EXHIBIT 2

CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., March 14, 1983.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for my comments on the advisability of removing the Social Security accounts from the budget. From the perspective of good budgeting practice, the proposal to remove accounts that represent about one-quarter of all federal spending is certainly inadvisable. In 1969, when Social Security and other trust funds were combined with other programs into the unified budget on the basis of recommendations by the President's Commission on Budget Concepts, the principal reasons were the need for a comprehensive budget and for a single measure of budgetary balance to ensure sound fiscal practice. Those needs are no less urgent today.

Exclusion of Social Security would confuse public understanding of the government's fiscal impact. The unified budget is consructed to show clearly the flow of cash to and from the federal government. Decisions made on spending programs or on taxation can be easily translated into increases or decreases in the deficit and in the government's need to borrow. This important bottom-line data will be needed no matter how Social Security is posted on the books. Current budgetary practice highlights the borrowing needs of the government in a straightforward and clear manner. By contrast, removing Social Security outlays and receipts from the budget will be confusing. To arrive at the governments's borrowing needs in any fiscal year, budget documents would have to display a "regular budget deficit or surplus" plus a "Social Security deficit or surplus" to arrive at a "total deficit or surplus." To some extent, this confusion already exists because of current off-budget entities, but putting one-quarter of federal activity in the latter category would worsen the situation appreciably. Discussions of "the size of the federal sector" would be similarly confused, since many are familiar with the fact that the federal government's budget is 20 to 25 percent of gross national product (GNP) and seven of those percentage points would disappear with removal of Social Security.

The budget should be as inclusive of federal activities as possible. In order for the Congress to make informed decisions on how to allocate public monies, it is essential that the basic document underlying those decisions include all federal programs, so that comparisions can be made and tradeoffs can be explicit. This argues for a comprehensive budget, indeed one that would incorporate currently off-budget items and a more satisfactory treatment of federal credit and tax expenditures, not one that excludes a major portion of federal activity.

Social Security is, of course, different from most other programs. Because it is the heart of the social insurance system and because it embodies a long-term contract between the people and the government, Social Security benefits should not be treated as an annual discretionary spending option. But inclusion in the unified budget in no way connotes such a disposition. In the long-term, moreover, inclusion of Social Security in the unified budget does force the Congress to ask the right question: How much can the nation's economy afford for social insurance given competing claims on the economy and given the willingness of taxpayers to pay? Making Social Security a separate entity would unnecessarily narrow this question into "How high a level of benefits can payroll taxes support?"—a question that ignores competing claims, alternative tax sources, and the burden of other taxes.

Exclusion of Social Security from the budget would establish a bad precedent. Within recent months, I have read proposals to remove from the budget a number of accounts based on many of the same arguments now advanced for removing Social Security. For example, some have advocated moving off budget all trust funds (on the principle that their revenues, like Social Security's, are dedicated), all federal retirement programs (because they should not be an annual political football), and national defense (because it is too important to be hostage to cyclical problems). Social Security's removal might lend support to such proposals. In the end, we could have a proliferation of federal sub-budgets, completely eroding the usefulness of the budget as an economic and allocative instrument. Moreover, federal trust funds as a whole are projected to be in substantial *surplus* over the next five years and, if these surplus accounts are removed from the budget, the budget that remains will show larger deficits than are currently projected.

The courageous and hard-fought compromise on Social Security involves real changes in the Social Security system and merits greater public confidence in the system's future. It would be unfortunate if the measure to remove Social Security from the unified budget undermined confidence in that compromise.

As the Congress struggles with serious problems in both the social insurance programs and in the overall budget, it is critically important that the clarity, comprehensiveness, and integrity of the unified budget be maintained.

Sincerely,

ALICE M. RIVLIN
Director.

EXHIBIT 3

NATIONAL RETIRED TEACHERS ASSOCIATION, AMERICAN ASSOCIATION OF RETIRED PERSONS,
Washington, D.C. May 13, 1982.

DEAR SENATOR: On behalf of our more than 13 million members, we urge, in the strongest possible terms, that you not be stampeded into supporting any legislation that would remove social security from the "unified budget". Such a move would set the stage for precipitous and drastic short-term benefit cuts or large increases in payroll taxes.

The social security system faces very serious short and long term financial problems which must be addressed and soon. The removal of the social security programs from the unified budget would limit the options available for dealing with those problems.

Given the magnitude of the payroll tax increase legislated in 1977 and the adverse economic impacts which further legislated payroll tax increases would have in the short term, this option is bad public policy and unacceptable.

Short-term reductions in benefits for persons who are already on the rolls (i.e., reductions in cost-of-living adjustments or reductions in underlying benefits) or for persons who are about to come on the rolls (i.e., new beneficiaries) are equally bad and unacceptable. Such reductions would amount to a changing-of-the-rules-of-the-game on people after the game is over and would certainly drive up the incidence of poverty among the elderly very substantially.

By leaving social security's programs where they are—within the unified budget—a far greater number of options are available to provide the system with whatever may be needed to maintain the system's contingency reserve funds at levels sufficient to assure the payment of benefits at levels presently promised.

We know that some have argued that social security should be removed from the unified budget as a means of insulating the system from benefit cuts. The problem with this reasoning, however, is that the system does face serious financial problems. (It is not unreasonable to conclude that social security will need, as the Senate Budget Committee indicated in its Resolution, some $40 billion over the next three years to assure the system's continued ability to pay benefits on time.) We are sure that those who espouse this particular line of reasoning and who are opposed to short-term benefit cuts would not opt for billions more in payroll taxes. But with the system outside the unified budget, there are no other options (other than an annual appropriation subsidy—something unlikely to happen). It would be illogical and inconsistent to argue that the social security system should be removed from the unified budget to prevent reductions in benefits but be included in the budget for the addition of billions in non-payroll tax revenue (i.e., general revenue).

Others, who support removal of the social security programs from the unified budget, argue that the debate over social security has become much too politicized and that removal of the programs from the budget will facilitate the development of a bipartisan consensus solution. Unfortunately, the historical fact is that social security can not be immunized from the political aspects of the legislative process no matter where the social security programs are located for financial and accounting purposes.

The Associations are clearly on record as supporting an automatic infusion of nonpayroll tax revenue into the programs, if needed to maintain the solvency of the system. We adamantly oppose short-term benefit reductions (including reductions in cost-of-living adjustments) and further increases in payroll taxes. We believe that leaving the system within the context of the budget as a whole will provide the National Commission on Social Security Reform, in the first instance, and the Congress and the Administration, in the second instance, the greatest range of options for dealing with the system's serious financial problems.

Finally, since social security is such a large program which levies taxes and makes expenditures of close to $200 billion per year, it can not be ignored if policymakers are to make informed and rational decisions on fiscal and general economic policy matters. We hope the Senate will quickly put aside any consideration of this matter and get on with the task of developing a budget for the nation that is fair and makes sound economic sense.

Sincerely,

CYRIL F. BRICKFIELD,
Executive Director.

Mr. HEINZ. Will the Senator yield?

Mr. DOMENICI. For a question?

Mr. HEINZ. Yes, for a question.

Mr. STENNIS. Mr. President, I would like to ask for the floor at this point for 4 minutes.

The PRESIDING OFFICER. Does the Senator yield the floor?

Mr. DOMENICI. I have the floor and the Senator from Pennsylvania wanted to ask me a question and I yield for that purpose.

Mr. HEINZ. I thank the Senator from New Mexico for yielding.

Mr. President, I wanted to know if he could clarify a point that he made in his presentation. The point that he made that I refer to is that he says that we will be taking social security off budget. Does the Senator suggest that the receipts and the expenditures of this trust fund will be in some way hidden the way offbudget programs are hidden? Is that what the Senator is suggesting?

Mr. DOMENICI. Well, I did not use the word "hidden." Some offbudget items might be hidden to some people; some of the loan programs of our country that are not on budget, people might perceive that they are hidden. But if you want to dig them up, you can dig them up, so there is no conspiracy to hide them. That really was not my point.

My point was that social security is such an important part of Government, and if you have a budget that is supposed to reveal facts about Government, the percent of taxes versus GNP and all of those relationships, then you would not really have a very good picture of what is going on. You would have to pull social security back on for purposes of observation at least—so why go through that kind of an episode?

Mr. HEINZ. Will the Senator yield for a further question?

Mr. DOMENICI. I am pleased to yield.

Mr. HEINZ. Prior to the consolidation of the trust funds in the administrative budget, there was a solution to this problem which the budget in 1968 and in previous years had. Is the Senator suggesting that, prior to 1969, when the budget was displayed, that it was not possible to get a clear idea of the overall macroeconomic impact on the budget? Is that what the Senator is saying?

Mr. DOMENICI. Well, I say to the Senator, as I indicated in my opening remarks, the blue ribbon Commission on Social Security, as I view it, was made up of people appointed by the President because of their position in Congress and in society to know a lot about social security. That is why they were appointed. There was one other commission 15 years ago that had to look at budgeting. And I can rely on them. They operated in the timeframe the Senator is asking me about. They concluded that we had too many budgets and, therefore, social security and all other operations should be on one budget.

My own experience tells me that, but that is the only answer I have to the Senator's question. A commission 15 years ago thought that it should be on a budget.

Mr. HEINZ. If the Senator will yield further: Is he aware that prior to fiscal 1969, the problem of identifying the overall effect of Federal financial receipts, disbursements, and other operations was solved by publishing a consolidated summary of the administrative budget and trust fund budget?

I have here, page 41 of a document entitled, "The Budget of the United States Government for Fiscal Year 1968." I ask unanimous consent that page 41, which sets forth the way in which this was achieved and, as I envisage, might be achieved in the future, be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 1.—BUDGET RÉSUMÉ: ADMINISTRATIVE BUDGET AND TRUST FUND RECEIPTS AND EXPENDITURES

[In billions of dollars]

Description	Administrative budget funds			Trust funds		
	1966 actual	1967 estimate	1968 estimate	1966 actual	1967 estimate	1968 estimate
Receipts:						
Individual income taxes	55.4	62.2	73.2			
Corporation income taxes	30.1	34.4	33.9			
Employment taxes				20.0	26.4	28.4
Excise taxes	9.1	9.3	8.8	3.9	4.5	4.9
Unemployment tax deposits by States				3.1	3.0	3.0
Other receipts	10.7	11.9	11.7	8.6	11.7	12.5
Interfund transactions	−.6	−.8	−.7	−.8	−.7	−.7
Total receipts	104.7	117.0	126.9	34.9	44.9	48.1
Expenditures:						
National defense	57.7	70.2	75.5	.8	1.1	1.4
International affairs and finance	4.2	4.6	4.8	.2	.1	.2
Space research and technology	5.9	5.6	5.3	(1)	(1)	(1)
Agriculture and agricultural resources	3.3	3.0	3.2	1.2	1.4	1.2
Natural resources	3.1	3.2	3.5	.1	.1	.1
Commerce and transportation	3.0	3.5	3.1	3.8	3.7	3.7
Housing and community development	.3	.9	1.0	3.2	3.0	1.0
Health, labor, and welfare	7.6	10.4	11.3	26.4	31.5	37.1
Education	2.8	3.3	2.8	(1)	(1)	(1)
Veterans benefits and services	5.0	6.4	6.1	.6	.8	.6
Interest	12.1	13.5	14.2			
General government	2.5	2.7	2.8	(1)	(1)	(1)
Deposit funds (net)				−.5	−.2	−.1
Allowances for:						
Civilian and military pay increase			1.0			
Possible shortfall in asset sales			.8			
Contingencies		.1	.4			

TABLE 1.—BUDGET RÉSUMÉ: ADMINISTRATIVE BUDGET AND TRUST FUND RECEIPTS AND EXPENDITURES—Continued

[In billions of dollars]

Description	Administrative budget funds			Trust funds		
	1966 actual	1967 estimate	1968 estimate	1966 actual	1967 estimate	1968 estimate
Interfund transactions	−.6	−.8	−.7	−.8	−.7	−.7
Total expenditures	107.0	126.7	135.0	34.9	40.9	44.5
Excess of receipts (+) or expenditures (−)	−2.3	−9.7	−8.1	(1)	+4.0	+3.6

CONSOLIDATED SUMMARY

Description	1966 actual	1967 estimate	1968 estimate
Cash receipts:			
Administrative budget receipts	104.7	117.0	126.9
Trust fund receipts	34.9	44.9	48.1
Intragovernmental and other noncash transactions	−5.1	−7.2	−7.0
Total receipts from the public	134.5	154.7	168.1
Cash expenditures:			
Administrative budget expenditures	107.0	126.7	135.0
Trust expenditures	34.9	40.9	44.5
Intragovernmental and other noncash transactions	−4.0	−6.8	−7.1
Total payments to the public	137.8	160.9	172.4
Excess of receipts from (+) or payments to (−) the public	−3.3	−6.2	−4.3

[1] Less than $50,000,000.

Note.—For explanation of administrative budget and trust funds, see page 170. For details on receipts, see table 13 on pages 64 to 69. For details on expenditures, see table 14 on pages 155 to 168; for further detail, by agency and account, see pages 174 to 391.

Mr. HEINZ. Mr. President, I would further repeat my question to my good friend from New Mexico, whether or not he would agree that the consolidated summary that appears there would, in fact, quite fairly represent the combined fiscal operations fo the Federal Government.

Mr. DOMENICI. I can look at this sheet of paper that he is talking about, the budget of the U.S. Government for 1968, and it looks like it does what it ought to do.

But I am reminded that this Commission reviewing budget concepts completed their work in October 1967. It was ratified in 1969. This material is from 1968.

Mr. HEINZ. Yes; the Senator is correct. That represented the way we budgeted prior to the implementation on the National Commission on Budget Concepts.

Mr. DOMENICI. I would only read the bold black print, from the report of the President's Commission on Budget Concepts. The Commission's major recommendations during this timeframe to which the Senator alludes as being an adequate way to show the budget states in part:

The Commission's most important recommendation is that a unified summary budget statement be used to replace the present three or more competing concepts that are both confusing to the public and Congress and deficient in certain essential characteristics.

So, rather than go back to 1968 and in 2 minutes look at this, I would conclude that the Commission's major recommendation found great fault with this as a part of our budgeting practice.

Mr. HEINZ. I thank the Senator for yielding and for answering those questions. I appreciate them very much.

Mr. DOMENICI. I thank the distinguished Senator from Pennsylvania. I yield the floor.

Mr. STENNIS. Mr. President, I shall not detain the Senate very long now.

I am very much interested in the practical side of the point involved here, Mr. President, because I was here and have a distinct recollection of part of what happened here when the budget was all merged or put together.

This is beyond my special work and I do not have any special knowledge of the subject.

I remember we were working with the Appropriations Committee and the Armed Services Committee somewhere in there, and all of a sudden a big question came up about the merging of the budget. I do not think anyone knew at the time, or many of us did not know at the time, just what had happened. It was in dispute. But at the same time—and I have forgotten what the amount was—a very small black budget showed up, I think less than $1 billion—and I am sure it was—and that was the last black budget we had, by the way. It was part of the workings to change the arrangement of the budget.

I think there would have been a big upheaval about it then, but people were not conscious about the security, the carelessness, and so forth, of the budget money, and how much it meant to them.

Things rocked along and no one objected to having a balanced budget. Things rocked along in that way. Speaking for myself, it was not commonsense as I saw it to be putting all those great volumes of money into the regular live, regular budget when the due date for it was way down the line.

I am glad to see this brought up and straightened out. I am not critical at all of the Senator from New Mexico. He knows of the high regard as well as appreciation that I have for the work he does. But one of the big things that will come out of this bill, if we are able to pass a bill, will be a correction of this situation. When it has $2 trillion or $3 trillion in it, somebody else will have to do the same job of making corrections, changes, and everything else. I do not believe our successors will let that much money lie around and be untouched.

Anyway, as part of being a sound plan, sitting on its own bottom, with the people knowing where their money is, what is happening to it, with none of it being paid out except under the regular social security law, so far as those things are concerned, and they are the ones I have dealt with, they will be a lot better off in their own mind and, actually, they will be better off, too, in the way it will come out.

I hope we can pass this. I believe it is just essential as a step in reform at this time.

I yield the floor, Mr. President.

The PRESIDING OFFICER. The Senator from Florida.

Mr. CHILES. Mr. President, I am opposed to this amendment that would take the social security and disability program out of the unified budget.

I have always said, and will continue to say, that we should not cut social security benefits to make up for defi-

cits in the rest of the budget. That is the stated intent of the amendment, and I agree with the goal. However, I do not think this amendment is necessary to achieve that goal, and I think it would have two serious side effects. First, it would destroy our ability to make national fiscal policy. Second, it could lead to greater Presidential power over Federal spending levels.

I would like to explain that.

Our primary concern with social security is to keep the trust fund sound, so that full benefit payments can be assured. But that does not mean that on a month-by-month or a year-by-year basis the trust funds take in just as much as they pay out. During periods of strong economic growth, when most people are employed and paying taxes, the trust funds run a surplus and build up revenues. During recessions, fewer people are paying taxes and more people take early retirement, so that the system draws down revenues. This is fine for balancing the trust fund, because it should even out over time.

However, when we consider fiscal policy, we are concerned with the total impact of the Federal deficit on inflation and on the credit markets. For those purposes, what counts is the total amount of cash the Government puts out in spending, compared to how much it takes back in taxes. If spending exceeds taxes, then fiscal policy is stimulative, whether that spending comes from general revenues or from trust funds. If taxes exceed spending, then fiscal policy is restrictive. Inflationary pressures are restrained, but so are the forces for economic growth and employment.

Now I am not saying that fiscal policy concerns should dictate social security benefits. Certainly they should not. I am saying that we have to know what fiscal policy is. We need some mechanism to add up all spending and all taxes and see how they compare. If we did not call it the unified budget, then we would have to call it something else.

The proposed amendment of the Senator from Pennsylvania says: Notwithstanding any other provision of law, any concurrent resolution on the budget under this title shall not include in the provisions for the appropriate level of total new budget authority and total outlays required, the estimates of total new budget authority and total outlays for each major functional category or for the recommended levels of Federal revenues required under this section, any amounts attributable to budget authority and outlays for the Federal old age and survivors insurance trust fund and the Federal disability insurance trust fund. That says to me when we are considering fiscal policy, "Stick your head in the sand." You cannot find out. You cannot total up how much you are spending.

I guess we will have to walk around the back door. I guess we will have to pass slips of paper in code because we cannot have a total unified budget.

How in the world are we going to ever be able to say that we know something about fiscal policy?

We go back to these arguments about 1967 and 1968. Who in this Congress was concerned about total fiscal policy at that time on anything more than maybe a 1-year basis? We did not look at 5-year numbers; we did not look at 3-year numbers; we did not know or talk much about stimulative policy; we did not talk about macroeconomics. We also were building in the mechanisms for these tremendous deficits that we have been running ever since.

We have been trying to unwind that. One of the ways of unwinding it is to at least provide ourselves with all the information we need to have to make rational decisions which we have to make to determine whether we have a stimulative policy or whether we have a restrictive policy.

My goodness, to say that we are going to have all this money as a surplus in social security, and that it is going to tempt us, I can say to my distinguished friend from Pennsylvania that this is a beautiful argument, but the argument, prior to the time we had these new figures, was just the other way. The argument was that we wanted to take it off budget because if we do not take it off budget we were going to find people trying to cut social security to balance the budget.

Now we are reversing, and now we are saying: "My gosh, we do not want to put it on-budget because we will be tempted to spend all this extra money."

I wonder how many of us really believe there will be all of these surpluses in social security between now and the year 2010. I wish I did.

I wish I believed that we were not going to have to revisit social security again as we have already revisited it since 1978. I am afraid we might well have to, because some things can change.

We know that when we are really talking about what we are seeking here, we are seeking to make ourselves face up to the need for responsible fiscal policy. And remember this: the House has taken medicare off budget and left medicaid on. How in the world are we going to be able to relate policy changes and differences in what we are doing with that kind of situation? That is the temptation. If we are going to take old age and survivors insurance off, why not medicare? Medicare—the fastest-growing program we have in the Federal budget today, the next crisis that is waiting to blow up on us—are we now going to take medicare off budget?

It certainly can be tempting. We can make the same kind of arguments as to why we should take social security off. We do not want to see people affecting medicare policy and the health of old people just because it might be affecting the budget. Certainly, it does. Certainly, we need to know what that effect is.

Are we going to say on medicare we cannot use those totals anywhere, as the Senator from Pennsylvania has said here: "you cannot include that total."

My goodness, Mr. President, I hope that the Senate—that has tried since we have put the Budget Act into place—will be working to put things back on budget. The thrust in the Budget Committee, as my distinguished friend from Michigan knows, by many members of the Budget Committee, is to take some of the items that have managed to get themselves off budget, some of the agricultural credit programs, and say those need to come back and be on-budget, and that we need to be able to count those because that is borrowing authority.

My friend from Colorado is always talking about having items out there that are always drifting around, that are affecting policy, that are affecting what interest rates are going to be, that are affecting how much credit is out there in the market, and that are off budget. But here we are talking about reversing a proposition that the Senate has been working very hard on, to put items back on budget.

We started it with the adoption of the Budget Act. We have tried to continue it, to make these items come into the budget. Now we are going to take this giant—and I say giant—step backward, because we say social security will be off budget. We shall stick our heads in the sand. We will not allow ourselves to look at how much we are taxing, how much we are paying out, how much the Government is taking from people, to add that number with the general revenue tax and with every other tax we have to determine what is going to be the overall effect on the growth of our economy, on the amount of savings that will be available, on the amount of capital that we are trying to create with all of those items.

I think this would be a giant, giant step backward for the Senate and the Congress to take. I certainly hope it is a step that we will not take.

The proposed amendment would prohibit us from counting social security revenues and outlays in the totals revenues and spending we put into the budget resolution. Those totals are the only place where Congress addresses fiscal policy. We have no other mechanism to add up taxes and spending and

see what it does to the economy. The public would not believe us if we published a deficit each year, but did not include huge portions of Federal taxes and spending. It has already become common knowledge that there is about $17 billion a year of off-budget spending that adds to the Federal deficit. All the expert testimony we have had from economists at the Budget Committee tells us that we ought to be putting the remaining items into the unified budget, not taking more things out.

Most people are aware that social security is a trust fund, and it is the largest one. But most people are not aware just how much of the Federal budget is paid on a trust fund basis. A quick look shows at least 13 separate trust funds, involving everything from social security, to highways, to unemployment insurance; to inland waterways, and hazardous substances. Programs funded in this way cost almost $300 billion a year, or more than one-third of the budget.

As Dr. Alice Rivlin, the Director of the Congressional Budget Office, points out in a recent letter, there have recently been proposals to put various of these trust funds off budget. There have been other proposals to make military spending a trust fund, or put it off-budget, to keep it out of the annual political arena. Any time you talk about putting one-third or one-half of Federal spending off-budget you have destroyed our ability to make Federal fiscal policy.

Mr. President, I ask unanimous consent that a copy of Dr. Rivlin's letter appear in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, D.C., March 14, 1983.

Hon. PETER V. DOMENICI,
Chairman, Committee on the Budget, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for my comments on the advisability of removing the Social Security accounts from the budget. From the perspective of good budgeting practice, the proposal to remove accounts that represent about one-quarter of all federal spending is certainly inadvisable. In 1969, when Social Security and other trust funds were combined with other programs into the unified budget on the basis of recommendations by the President's Commission on Budget Concepts, the principal reasons were the need for a comprehensive budget and for a single measure of budgetary balance to insure sound fiscal practice. Those needs are no less urgent today.

Exclusion of Social Security would confuse public understanding of the government's fiscal impact. The unified budget is constructed to show clearly the flow of cash to and from the federal government. Decisions made on spending programs or on taxation can be easily translated into increases or decreases in the deficit and in the government's need to borrow. This important bottom-line data will be needed no matter how Social Security is posted on the books. Current budgetary practice highlights the borrowing needs of the government in a straightforward and clear manner. By contrast, removing Social Security outlays and receipts from the budget would be confusing. To arrive at the government's borrowing needs in any fiscal year, budget documents would have to display a "regular budget deficit or surplus" plus a "Social Security deficit or surplus" to arrive at a "total deficit or surplus." To some extent, this confusion already exists because of current off-budget entities, but putting one-quarter of federal activity in the latter category would worsen the situation appreciably. Discussions of "the size of the federal sector" would be similarly confused, since many are familiar with the fact that the federal government's budget is 20 to 25 percent of gross national product (GNP) and seven of those percentage points would disappear with removal of Social Security.

The budget should be as inclusive of federal activities as possible. In order for the Congress to make informed decisions on how to allocate public monies, it is essential that the basic document underlying those decisions include all federal programs, so that comparisons can be made and tradeoffs can be explicit. This argues for a comprehensive budget, indeed one that would incorporate currently off-budget items and a more satisfactory treatment of federal credit and tax expenditures, not one that excludes a major portion of federal activity.

Social Security is, of course, different from most other programs. Because it is the heart of the social insurance system and because it embodies a long-term contract between the people and the government, Social Security benefits should not be treated as an annual discretionary spending option. But inclusion in the unified budget in no way connotes such a diposition. In the long-term, moreover, inclusion of Social Security in the unified budget does force the Congress to ask the right question: How much can the nation's economy afford for social insurance given competing claims on the economy and given the willingness of taxpayers to pay? Making Social Security a separate entity would unnecessarily narrow this question into "How high a level of benefits can payroll taxes support?"—a question that ignores competing claims, alternative tax sources, and the burden of other taxes.

Exclusion of Social Security from the budget would establish a bad precedent. Within recent months, I have read proposals to remove from the budget a number of accounts based on many of the same arguments now advanced for removing Social Security. For example, some have advocated moving off budget all trust funds (on the principle that their revenues, like Social Security's, are dedicated), all federal retirement programs (because they should not be an annual political football), and national defense (because it is too important to be hostage to cyclical problems). Social Security's removal might lend support to such proposals. In the end, we could have a proliferation of federal sub-budgets, completely eroding the usefulness of the budget as an economic and allocative instrument. Moreover, federal trust funds as a whole are projected to be in substantial surplus over the next five years and, if these surplus accounts are removed from the budget, the budget that remains will show larger deficits than are currently projected.

The courageous and hard-fought compromise on Social Security involves real changes in the Social Security system and merits greater public confidence in the system's future. It would be unfortunate if the measure to remove Social Security from the unified budget undermined confidence in that compromise.

As the Congress struggles with serious problems in both the social insurance programs and in the overall budget, it is critically important that the clarity, comprehensiveness, and integrity of the unified budget be maintained.

Sincerely,

ALICE M. RIVLIN,
Director.

Mr. CHILES. Mr. President, I mentioned a while ago that putting social security off-budget could lead to greater Presidential control over spending. Let me explain that point.

Many people forget that the Budget Act was born in the impoundment crisis of the early 1970's. It is formally titled the "Congressional Budget and Impoundment Control Act of 1974." As someone who was actively involved in the fight against impoundment, I remember the circumstances pretty well. One of President Nixon's main arguments for impoundment authority was that only the President had the ability to judge fiscal policy. Congress passed its various tax and spending bills separately through the course of the year. At no point did we have to add it all up, look at the bottom line, and vote on the deficit. While the Budget Act makes us go through the painful act of voting on deficits, it also lets us tell the country that we have examined all tax and spending proposals, we have examined unemployment, inflation and interest rates, and exercised our constitutional responsibilities for taxing and spending. Now if we begin putting major chuncks of Federal taxes and spending off-budget, we will no longer be able to make that claim. And some President, sooner or later, will make this claim that he has to impound funds in the name of fiscal policy. I think that is a real danger, and opens the door to another constitutional crisis which we should avoid.

Finally, Mr. President, let me speak to the issue of medicare. While this amendment does not put medicare off-budget, the House version does, so it is part of the problem we open up if we adopt this amendment. While medicare is authorized under the Social Security Act, and paid for by a special payroll tax, it is quite different from the retirement system. Benefits are not linked in any way to contributions. Anyone who contributes gets full benefits, no matter how much or how little that contribution is. And those benefits are about to exceed those payments.

The medicare hospital trust fund is facing massive deficits in a very few short years. The system itself will be

out of money sometime in 1987 unless we make some changes. Deficits in the trust fund will continue to grow every year, reaching over $400 billion by 1995. We cannot avoid the fact that medicare costs are projected to double in the next 5 years. The reforms being considered in this bill (H.R. 1900), though very significant, will not take care of that problem. We will have to be looking at a variety of solutions, and some consideration of general revenue financing as well as cost control measures will inevitably be options we will have to consider. That has to be done in the context of the overall unified budget.

The impact of medicare on the Nation's economy is significant. Health care is big business. Medicare alone now accounts for 17 percent of all health care payments in the United States, and medicare alone will soon grow to 1½ or 2 percent of the total GNP. Whatever actions Congress takes in medicare have to be viewed in the overall national economy context, as well as in the context of how those actions will affect 30 million medicare beneficiaries.

The House version of this bill recommends that, after 1988, the hospital insurance trust fund be considered outside the unified budget, but that the supplemental medical insurance portion of medicare (part B) remain on-budget. I understand the rationale for that, since the supplemental medical insurance program is not really a trust fund—in fact it is financed about 75 percent by general revenues right now. But I think it is unwise to separate the two since how we treat one affects the other. I would also like to point out that moving a portion of medicare off-budget also separates it from the medicaid program. Health care spending through medicaid is also a significant portion of the Federal budget—over $21 billion today. From a health policy perspective, medicare and medicaid are closely linked. When we address urgent issues of health care cost containment, both medicare and medicaid must be considered together. Differences in how they are funded are not a controlling factor. If we separate the hospital insurance portion of medicare from medicare part B and from medicaid, we would also open the door to some wild schemes for a back-door route to general revenue financing by simply beginning to transfer responsibility from the off-budget to the on-budget portion.

Mr. RIEGLE. Will the Senator yield?

Mr. CHILES. I yield.

Mr. DOMENICI. Mr. President, I think the Chair had recognized me.

Mr. CHILES. If I still have the floor, I shall yield.

Mr. RIEGLE. I ask the Senator from New Mexico if he will yield for just a question.

Mr. DOMENICI. I shall be pleased to.

Mr. RIEGLE. It seems to me we all serve on the Budget Committee. If this is set apart and it is free standing as the amendment calls for, what is to keep the Budget Committee from nevertheless considering it when we are trying to make macroeconomic judgments as we do, we are certainly free to take a look at it, certainly free to assess what we think we need with all other Federal activities. If it is free standing, it is not as if by separating it, we are taking it totally out of view. It would still be in view. We would be free to consider it. I do not understand why we could not make the same value judgments if it is free standing and separate as if it is in the budget discipline.

Mr. CHILES. I think the Senator from Michigan would not want us to violate the law. The law would say:

> Notwithstanding any other provisions of law any concurrent resolution of the budget considered under this title shall not include any amounts attributable to budget authority and outlays for the Federal old age and survivors insurance trust fund and the Federal disability insurance trust fund.

That just tells me we cannot include that. I certainly would not want to violate the law.

I guess maybe we could go out of the committee room and talk about it. Maybe we could get together over coffee and talk about it.

What a way to run the budget affairs of the United States of America, to say we are taking this major item, one-fourth of the national budget, but we are not going to look at that, we are not going to look at what its effects are; we are not going to include that in determining whether we have a policy that is stimulative or a policy that is restrictive, or what we are doing to the national debt; we just exclude that.

Certainly, I do not think many people would say—well, I hope they would not say—that they are any more concerned about the survival of a sound social security system than the Senator from Florida. I introduced a bill trying to fix the social security system 2 years ago. I did not get any cosponsors at that time, because we had to apply some medicine to the system. Finally, we are getting around to doing it as we get the gun put to our head.

Trying to protect the system does not mean trying to hide it. I think that would be the worst thing to do to protect the system.

Mr. RIEGLE. If the Senator will yield, nobody is talking about hiding it. We are talking about having it stand separate, by itself. The American people want this, the Presidential Commission wants it, we ought to want it.

I am not surprised the Budget Committee does not want to give it up. The Budget Committee, and I am a member of the committee, is reaching in every direction for everything it can get its hands on. The fact of the matter is we can consider this if it is free standing and separate, We can weigh its macroeconomic considerations within the framework of the law. We can weigh all kinds of things now that are outside the Federal budget discipline as we try to make these decisions.

I thank the Senator for yielding.

Mr. CHILES. I thank the Senator and I want to say I have not found the American people saying they want to take a fourth of the Federal budget and exclude it and put a curtain around it and say, do not look at that when you are making your policy, do not look at that when you are trying to determine your overall policy and whether there is going to be sufficient money; just exclude that. I have not found that.

Mr. ARMSTRONG. Will the Senator from Florida yield to me briefly?

The PRESIDING OFFICER. The Senator from New Mexico has the floor.

Mr. ARMSTRONG. I beg the Chair's pardon. Will the Senator from New Mexico yield to me briefly?

Mr. DOMENICI. I would be pleased to yield.

Mr. ARMSTRONG. Mr. President, I just want to congratulate the Senator from Florida on his statement and to associate myself with his remarks, every jot and tittle. He is 100 percent right. This amendment, in my opinion, is a serious mistake for all the reasons he has stated.

I also want to express my full agreement with what the Senator from New Mexico has said. There are few propositions, it seems to me, that are more easily deferred than the adoption of the amendment of the Senator from Pennsylvania. If this is a good idea, it can easily withstand a hearing in the Budget Committee, an airing in a more complete way. I believe the careful study of this amendment will turn up exactly as the Senator from New Mexico and the Senator from Florida have stated.

I do want to clear up one point. That is the recommendation of the National Commission on Social Security Reform. I do not believe the National Commission considered this matter in any great detail. I think I was present on both occasions when it was considered, once for a very few minutes and on the second occasion for a slightly longer period, perhaps 15 or 20 minutes, when there was some discussion on it, some debate. On the first occasion, the indication was that all but two or three members agreed with it. On the next occasion, there was an in-

formal changing of votes, and it is my recollection—and I have not verified my recollection—that several members who had previously indicated their approval of the motion expressed doubts.

So it is not a case where the Commission held hearings on this subject or had extensive consideration. It was considered. I believe it fair to say that a majority approved it but not an overwhelming majority did so.

I think we should be guided by the advice of the Senator from New Mexico and the Senator from Florida.

Mr. DOMENICI. Mr. President, I raise the point of order against the amendment.

Mr. HEINZ. Will the Senator from New Mexico withhold his point of order, which I shall be happy to let him make if I may speak for just a few minutes.

Mr. DOMENICI. I shall be happy to do that. May I make the point of order and ask that the Chair yield to the Senator?

How much time does the Senator desire?

Mr. HEINZ. The Senator from Pennsylvania would like to speak for about 3 minutes. I have no intention of preventing the Senator's making his point of order, but I prefer to make my remarks before the Senator makes his point of order.

Mr. DOMENICI. That is fine. I yield the floor, Mr. President.

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I thank the Senator from New Mexico for his forebearance, and I shall not take a great deal of time on the part of my colleagues. I do want to set the record straight on a few things. The Senator from Colorado, who I note is also a member of the Budget Committee, is correct that this was a recommendation of the National Commission on Social Security Reform. It is correct that originally 12 or 13 of the members were for it at the time. When it was finally voted on it was 10 to 5; 2 to 1 is still a substantial margin.

Mr. ARMSTRONG. Have we polled them lately? There may have been more shifts.

Mr. HEINZ. But they may have been in the other direction, I say to my friend.

Mr. ARMSTRONG. Mr. President, would the Senator agree, however, that the consideration of this matter by the National Commission which met, I believe, for approximately 13 days of hearings or of meetings, that it was a relatively brief time on two occasions, perhaps totaling 30 minutes in all? It was not an extended discussion, nor were there outside witnesses heard or anything of that kind.

Mr. HEINZ. I would agree that the formal discussion was about the length the Senator said. The informal discussions were, indeed, quite hot and heavy because I had numerous discussions with the Senator from Colorado and virtually every other member of the Commission, as did the Senator from Colorado, I might add.

Mr. ARMSTRONG. Fair enough, and I appreciate that clarification.

Mr. HEINZ. Second, this subject was analyzed at some length by a variety of people, among them the Director of the Commission, Robert J. Myers, who provided to the members of the Commission on September 8, 1982, memorandum No. 53. I ask unanimous consent, Mr. President, that that memorandum be included in the RECORD at this point.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

SEPTEMBER 8, 1982.

MEMORANDUM NO. 53

To: Members of the National Commission on Social Security Reform.
From: Robert J. Myers, Executive Director.
Subject: Inclusion of Operations of Social Security and Medicare Trust Funds in the Unified Budget.

This memorandum presents the pros and cons with regard to the removal of the operations of the Social Security and Medicare trust funds (OASI, DI, HI, and SMI) from the Unified Budget.[1]

In Fiscal Year 1969, the operations of these four trust funds were included in the Unified Budget for the first time. Before then, the operations were listed separately from other government operations, and thus they did not affect the overall balance of the Federal Budget. The inclusion of the operations of these trust funds in the Budget has been criticized by some persons because of these trust funds in the Budget has been criticized by some persons because of what they believe to be the artificial effect that they may have on the balance of the Budget. For example, in 1969, the excess of income over outgo in the OASDI Trust Funds had the effect of "balancing" the Budget recommended by President (which, otherwise, would have shown a deficit). The 1981 National Commission on Social Security recommended that the operations of these four trust funds should be removed from the Unified Budget.

If such action were taken, it is important to note that any transactions involving payments from the General Fund of the Treasury to these trust funds (such as interest on the invested assets, reimbursement for military service wage credits, or employer OASDI-HI taxes with respect to covered civilian employees or military personnel) would be shown in the Budget as outgo items.

PROS WITH REGARD TO REMOVING OPERATIONS OF TRUST FUNDS FROM THE UNIFIED BUDGET

(1) Benefit, coverage, and financing changes would not have an effect on the Budget. If the operation of the trust funds were outside of the Unified Budget, any changes which were recommended or enacted would be on the basis of program considerations. It could not, therefore, be argued that the underlying purpose was to balance the Budget. For example, any reductions in the rate of growth of benefit outgo could not be said "to balance the Budget on the back of Social Security". Even if the operations of the trust funds were removed from the Unified Budget, persons interested in the total borrowing demands of the Government could still make the desired analysis by adding together such operations with those of the Unified Budget. (It should be noted that, at present, certain significant Federal programs are "off budget".)

(2) Reductions in administrative expenses for program operations would not be made solely for the effect on the Budget. Currently, staff reductions or limitations on personnel levels for the Social Security [and Medicare programs] can be made for budgetary purposes without regard to program requirements. This might be done even if the several trust funds had excesses of income over outgo that could readily meet necessary administrative expenses. If the operations of the trust funds were removed from the Unified Budget, such reductions or limitations on personnel would not affect the Budget, but rather only the operations of the trust funds. It can be argued that the personnel expenditures of the programs should be determined so as to provide high-quality service to the claimants and beneficiaries and so as to assure efficient operations.

(3) A better picture of the effect of payments from the General Fund of the Treasury would result. If the operations of the four trust funds were removed from the Unified Budget, any payments thereto from the General Fund of the Treasury would appear as an outgo item in the Unified Budget. Under the present procedures, such items are of a "wash" nature and do not affect the Budget. At times, this could be very misleading; for example, under a proposal to "bolster" the trust funds by a transfer of very large sums from the General Fund, if this were done, no effect on the Unified Budget would be shown at the time.

(4) Public confidence will not be eroded by the erroneous belief held by some people that Social Security and Medicare taxes are placed in the General Fund of the Treasury and are used for other purposes (such as financing the Marshall Plan, the Korean war, the Vietnam war, or welfare payments). Such persons conclude that the trust funds are now having financial problems because the money was spent for other than program purposes.

CONS WITH REGARD TO REMOVING OPERATIONS OF TRUST FUNDS FROM THE UNIFIED BUDGET

(1) The operation of the four trust funds impact in a major way on private-sector economic activities. Accordingly, the Administration and the Congress should consider these operations within the context of the entire Budget when fiscal policy is formulated. Otherwise, economic policymaking could be confused and hindered.

(2) The operations of the trust funds are too important a part of national domestic policy and governmental expenditures to be operated independently. All governmental programs should be operated under the controls that are now a part of the Budget process. The operations of the four trust funds are such a significant portion of total governmental expenditures that they should not be exempt from the necessary scrutiny which all programs receive under the general budget process.

[1] It does not discuss the question of whether other trust funds (such as the Railroad Retirement Account and the Civil Service Retirement Fund) should be treated similarly.

(3) Inclusion of the operation of the trust funds in the Unified Budget allows for simpler and more straightforward budget presentation. Continuing the operations of the four trust funds in the Unified Budget makes the full scope of Federal financial activities easier to comprehend, especially the proportion of the total spending allocated to each activity—e.g., national defense, health expenditures, and income maintenance.

ROBERT J. MYERS.

Mr. HEINZ. Mr. President, the point has been made by members of the Budget Committee that we should defer consideration of this so the Budget Committee has time to study it. Well, Mr. President, this is not the first time this recommendation has been made. Yes, it was made by the National Commission on Social Security Reform in our report of 1983, but it was also made 2 years before that by the National Commission on Social Security which reported in 1981. Frankly, I do not know that the Budget Committee has ever held a jot or tittle's worth of hearings on this since 1981. I suspect they have not.

Mr. ARMSTRONG. Let us tell them to get on the ball.

Mr. HEINZ. Mr. President, if they are on the ball, they should have been on the ball 2 years ago, not here on the floor.

Mr. President, the Senator from New Mexico has been extremely courteous. I reiterate once again that we are not taking social security off budget. It is not going to be the Federal Financing Bank operating in the dark of who knows where. We are not going to hide it. This particular canary weighs about $225 billion at the present moment.

Now, no one suggests that even Caspar Weinberger can hide the defense budget, which is about the same size. He would like to, I gather. But, Mr. President, nobody's sleight of hand is going to hide the social security program, no matter how big and heavy that hand.

I must say I would find a point made by the Senator from Florida, who I have enormous respect for, to be amusing and ironic, if it was not aimed at this amendment. His point is that the way to keep the hands of the executive branch—and we know that their fingerprints have been around from time to time—the way to keep the hands of the executive branch off of this is to keep it in the budget. I find it immensely ironic that the chairman of the Budget Committee said, when he rose to defend his opposition to this amendment, "And I have here a letter from Dave Stockman who supports the position of the Senator from Florida and the Senator from New Mexico."

Now, the last time I looked, Dave Stockman was in the executive branch. I think he is down at the Executive Office Building. I think he works for the President. I think he has something to do with the executive branch budget process.

Mr. President, I assure my colleagues that one of the reasons Dave Stockman may not like this amendment is that it is not going to be possible for him to, I think the Senator from Florida used the word, "revisit" the social security trust fund.

Mr. President, I hope that is absolutely right; I do not want any Director of the Office of Management and Budget to revisit social security for some other purpose. That is the entire idea behind this amendment.

I think the Senator from New Mexico, frankly, understands the problem we are dealing with here. I know that this is fundamentally a turf issue. I understand that because I am in my committee, and we in the Senate Finance Committee are as jealous of our turf as anybody else, and we go to considerable lengths to protect it. I do not disagree with the motivations of the Senator from New Mexico or any other members of the Budget Committee, and they are numerous, who are on the floor. They are all looking out for their committee and we would all do the same for ours. But in looking out for the turf of one's committee—and we all do it—I think we still have to put the interests of the country ahead of that in this sense: We have to address the issue which I made on Friday and which I made, if the Senator will remember, with the Senator from New Mexico back on July 29, 1982, on which date the Senator and I, to my mind, had a very important colloquy on the balanced budget amendment, which I ask unanimous consent to have printed in the RECORD.

There being no objection the colloquy was ordered to be printed in the RECORD, as follows:

Mr. HEINZ. I commend the Senator from New Mexico on the amendment which he introduced to Senate Joint Resolution 58 and which the Senate passed 97 to 0 on Tuesday. There are a number of details which have to be worked out in the balanced budget amendment, and I think the place to spell these details out is in statute. One major complication to the balanced budget amendment which I would like to see resolved in later legislation is the problem of how to handle social security.

Mr. President, it occurs to me, as I think about how the balanced budget procedure is going to work, that there are going to be some serious consequences for social security financing if the Congress does not enact special provisions for handling this program.

Some have suggested that Senate Joint Resolution 58 needs to be amended to exempt social security from the provisions of the balanced budget amendment. However, in looking over the Senator's amendment and the projected context of the implementing legislation he intends to propose in the future, it is my opinion that Congress will have authority to set up special procedures for social security in statute at a later date.

I would like to take a moment to review the difficulty I see in lumping social security in with other programs in the balanced budget amendment, and ask the Senator from New Mexico if he agrees that his amendment and implementing legislation would assure the hands of the congress will not be tied in responding to these difficulties.

Before he replies let me explain why I think there is going to be a problem. Taking for a moment just the cash benefits part of social security—the old age, survivors and disability insurance programs (OASDI)—we are talking about a program with a 75-year planning horizon. That means that at any particular time, we try to assure that the cash benefits are adequately financed for the next 75 years. This 75-year actuarial balance is a promise of sorts to those now paying tax contributions that there will be funds to pay them benefits when they are retired. Before next summer, the Congress will have to act to correct the long-run imbalance which currently exists in OASDI. When we do, the program will be balanced for the next 75 years, assuming our estimates for the future hold true. The fact that the program will be in balance over the long run does not mean, though, that it will be in balance in each of the next 75 years. Social security is a dynamic program. Constant changes in demographic and economic conditions necessitate the buildup of trust fund reserves in favorable times which can then be spent down in less favorable times. The use of these reserves enables the financing of the system to respond to changing conditions without annual statutory changes in payroll tax rates and benefit levels.

Now the balanced budget amendment is going to establish as the general rule that in each and every year receipts of the U.S. Government should grow no faster than national income, and that outlays should not exceed receipts. At the same time, social security's receipt and outlays will fluctuate depending upon a number of factors such as the relationship between workers and retirees and between wages and prices. In some years social security will have several, indeed many years in a row, of surpluses and in other years it will have many successive years of deficits and have to spend some of its reserves.

Trying to forecast budgets more than a few years ahead has its dangers. None of us can state with impunity what the future will hold. But I think there is one long-run phenomenon which we can all agree is likely to occur and which is going to have tremendous effects on social security's finances. This phenomenon is the aging of the "baby boom" generation. Like a rabbit swallowed by a snake, this generation will advance slowly through the age groups—first swelling the ranks of the workers, and then after about 2015, swelling the ranks of the retirees. Under current law, even with the long run deficit we now have in social security, this demographic pattern will result in annual surpluses most likely beginning in the 1990's. Now we are going to do something to improve the financing of social security—and just about anything we do is, I think, going to have the effect of building up even larger surpluses. I would like to ask the chairman of the Budget Committee if he agrees with this assessment. Does he agree that it is likely that we are going to have to build up surpluses in OASDI during this relatively favorable demographic period?

Mr. DOMENICI. Let me say to my good friend from Pennsylvania, first, I compli-

ment him for bringing the matter to the attention of the Senate. It is tremendously relevant. I would say, based on the work of the actuaries, that I agree with the Senator that this is a reasonable expectation. This is indeed likely to happen.

Mr. HEINZ. I thank my colleague from New Mexico.

The second point I would like to make is that these surpluses on an annual basis are going to appear very large within the context of the Federal budget. If you take just 1 year, the year 2010, for example—what you would find is that under the intermediate forecasts we would expect OASDI to spend under current law about $350 billion in constant 1982 dollars. If the Federal budget is 22 percent of GNP, the Federal budget will be about $1.5 trillion in that time, in 1982 dollars. It could be smaller.

Current estimates indicate that in that year, under present law, OASDI would take in $60 billion more in receipts than it would expend in outlays, adding this to a trust fund of more than $600 billion. If we do any of the things to put the social security system on a sound, long-term basis, frankly those numbers are going to be much larger. The surpluses could run as high as $120 billion to $125 billion a year. It seems to me that if we have annual surpluses this large there will be enormous pressures to spend these surpluses. In the 1960's we had surpluses in social security. My friend from South Carolina was serving in this body in those days and he well remembers that Congress did spend the money, not only in the 1960's but in 1972 we put through a 20-percent increase in social security benefits.

It seems to me not unreasonable to conclude that in a year like 2010 where there will be a lot of money accumulated with the constitutional amendment limiting the growth in receipts, and with outlays kept at the level of receipts there will be a tremendous incentive to use social security surpluses to allow outlays in other programs to expand.

With all programs balanced on the same ledger, it seems to me quite easy—all to easy—for Congress to decide to spent between $50 and $125 billion more each year for 10 or 20 years for nonsocial security programs than they have have in receipts to cover those programs.

Let me ask the Senator from New Mexico, would he agree that this is indeed quite a real possibility?

Mr. DOMENICI. I think there are many of us who have seen what has happened to social security finances in the recent past who are rather anxiously waiting for the day we have these kinds of surpluses in social security. We have not had that kind of phenomenon in a while. Obviously, if we get the kind of reforms that the Senator from Pennsylvania and many others seek, that our President seeks, that the commission he has appointed seeks, we should get those types of surpluses at some point in time. It should be in the time frame the Senator has discussed.

I believe, however, that the Senator is suggesting that there is nothing in the balanced budget amendment to prevent the Congress from increasing spending in one account when receipts to another account increase—as long as total outlays and receipts of the U.S. Government are in balance. That is my understanding also.

Mr. HEINZ. In other words, even though payroll tax revenues are strictly dedicated to the exclusive use of the trust funds, the excess in payroll tax receipts could encourage excess Government spending in other areas. Would the Senator agree with this logic?

Mr. DOMENICI. I believe the Senator may be correct, although it is quite likely that there would be considerable political pressure against digging the Federal Government into that type of hole.

Mr. HEINZ. I appreciate the Senator's comments. I would ask my colleagues to look at the period after 2015. By that time, it is likely that there will be substantial accumulated trust fund reserves on hand to offset the deficits that will begin occurring as the first of the "Baby Boom" generation retires. Again, picking one year 2025 we can see how the balanced budget amendment is going to create problems for social security when it begins to experience these annual deficits. In 2025, OASDI will spend about $450 billion in 1982 dollars—in the context of a Federal budget—if it is still about 22 percent of GNP—or close to $2 trillion. In that 1 year, OASDI will, under current law, have a deficit of over $100 billion and will have, if they have been allowed to accumulate, trust fund reserves of more than $230 billion. If Congress has enacted one of the proposals to reduce benefits by changing the benefit formula in social security, the reserves in the trust funds will be larger, and the deficit in that year will be smaller—perhaps $50 billion or less. Nonetheless, this will be a substantial deficit compared to the fiscal year 1982 OASDI deficit of about $5 billion in the context of a $740 billion Federal budget. Again, I would like to ask the Senator from New Mexico if he would agree that it is reasonable to expect, even with the changes in social security financing we hope to enact this year, that beginning sometime after the year 2010, OASDI is going to run annual deficits as it begins paying retirement benefits to the "Baby Boom" generation.

Mr. DOMENICI. Again, based on the work of the actuaries, I agree with the Senator that is a reasonable expectation.

Mr. HEINZ. When we get to that period of deficits, then, and OASDI has annual receipts lower than its annual outlays, unless we can consider distributions from the trust fund reserves in balancing receipts and outlays, it seems to me we are going to be in a bind. If in 2025 social security receipts are $40 or $50 billion less than outlays, and if the trust funds cannot be used as receipts in this accounting exercise, then we are going to have to cut either social security benefits by $40 or $50 billion, or we are going to have to cut some other programs by those amounts in order to have balanced budgets. Does the Senator from New Mexico agree that these social security deficits are going to make if difficult to balance the budget?

Mr. DOMENICI. Social security deficits that large would certainly complicate the problem of balancing the budget. Our experience in the budget process this year illustrates your point very well.

Mr. HEINZ. And would the Senator agree that it would be unfortunate to have to make cuts in the budget, when, in fact, social security could have built up substantial reserves precisely for the purpose of paying for benefits during these years?

Mr. DOMENICI. I agree with the Senator. Not only would it be unfortunate, but it would also probably create a political furor if that occurred.

Mr. HEINZ. I am concerned, then, that we find some way to assure that the balanced budget amendment does not interfere with the funding mechanism which is already in place for social security. It is my opinion that the Senator from New Mexico's amendment will help in this regard. I think it is important that we discourage future Congresses from using excess Social Security receipts to cover excess outlays elsewhere in the budget. Would the Senator agree that under the provisions of his amendment, the Congress will have the authority to adopt accounting procedures which specify that OASDI and HI outlays and receipts be totaled, and balanced, separately from other U.S. Government outlays and receipts?

Mr. DOMENICI. It is my judgment that my amendment gives Congress the authority to establish through statute accounting procedures to address the problem the Senator has described. I think this is quite feasible. I do not think this would in any way conflict with the intent of either the constitutional amendment or my amendment which the Senate has approved.

Mr. GORTON. Will the Senator yield?

Mr. HEINZ. I will in just a moment.

Now it seems to me another way to handle the problem with social security is to establish a special definition of receipts for use with the social security trust funds. As it stands in years when social security is experiencing surpluses, excess receipts are accumulated in the trust fund accounts and invested in securities. Then later when these "excess receipts" are needed to pay for benefits, the securities are redeemed. Now it is my understanding that on the balanced budget statement, according to the definitions used in the committee report accompanying Senate Joint Resolution 58, social security's "excess receipts" would be matched against outlays in the surplus years—providing the overall Federal budget with a windfall—and could not then be matched against outlays in the deficit years, when social security is actually using them to pay benefits. Now I would like to ask the distinguished chairman of the Budget Committee, whether, as a result of his amendment, the Congress could decide to change this around? Would the Congress have the authority to exclude these "excess receipts" from the definition of receipts in the surplus years and include them in the definition in the deficit years when they are actually being spent?

Mr. DOMENICI. My amendment gives the Congress the authority to decide through legislation on the definitions for terms used in the constitutional amendment. I am confident a way can be found to deal with the potential problem you have described—either through defining receipts as you suggest or through some other accommodation. I am certainly prepared to take a careful look at the Senator's suggestions when we consider implementing legislation.

Mr. HEINZ. I thank the Senator for his reponse because I think we will all be concerned about voting for something that would have a reverse effect, for example, in not allowing us to plan for the future. My understanding of the amendment the Senator from New Mexico has made to the constitutional amendment and based upon his colloquies here on the floor with others, is totally consistent with what he has just said to me.

When the time comes to draft legislation defining these terms, we can take a closer look at how this can actually be accomplished. But I appreciate the Senator's assurance that Congress will have the flexibility to address this problem in statute. I believe, then, that most of my concerns about the problems for social security in the bal-

anced budget amendment can be resolved at a later date through statute.

I thank my colleague from New Mexico who has been extremely responsive. With his improvements in this amendment, I am sure we can solve this problem through the proper enabling legislation.

Mr. DOMENICI. Let me just add again that I think the Senator has served the Senate well in bringing this matter to our attention. I am sure there will be other kinds of trust funds and revolving funds which will come into existence during the life of our Constitution and this amendment. I think the notions we have raised here on the floor will serve well in interpreting the responsibility and the breadth of definitional authority that Congress will have.

Mr. GORTON. Will the Senator yield for a question?

Mr. HEINZ. I yield.

Mr. GORTON. I may have missed some of the nuances in this colloquy, but is either the Senator from Pennsylvania or the Senator from New Mexico asserting that by definitions in enabling legislation Congress could state social security taxes do not constitute receipts or social security benefit payments do not constitute outlays?

Mr. HEINZ. If the Senator will permit me to respond, the problem that we get into with social security is that under any of the alternative methods of dealing with the system that I have seen—and I have seen, in the last 5 months, about as many, as a member of the National Commission on Social Security, as any living human would want to see, and there are many more forming, I am sure, between now and the time we report back to our colleagues. The social security system, because of the way the baby boom moves through, earning on the one hand a lot of money for the social security system before they retire—building up a surplus therefore, before the year 2015, then afterward, if you will, living off that surplus that they necessarily have to build up in the system—if you count social security contributions to that reserve, as you would every other kind of receipt, it causes very serious kinds of problems. The one I referred to in the first instance was that it may cause Congress to overspend.

Mr. GORTON. Why would it make Congress overspend?

Mr. HEINZ. Because of the unified Federal budget. We will have the appearance of running a surplus even though those reserves that we have built up, the so-called surplus in the social security system, will be committed by the legislation to pay benefits in the years after the year 2015 or 2020.

Mr. GORTON. It would be more accurate to say, then, would it not, I ask the Senator from Pennsylvania, that it would allow the Congress to overspend because outlays may equal receipts?

Mr. HEINZ. The Senator is entirely correct, it would allow them. My fear, I say to my good friend, is that it would encourage them.

Mr. GORTON. I would have the same fear.

Mr. HEINZ. That is my fear.

Mr. GORTON. I am not sure how that could be prevented by statute.

Mr. DOMENICI. Mr. President, I shall answer the Senator's very direct question. The Senator's question was whether we were saying that social security taxes or social security payments would not be receipts and outlays.

My answer is I did not say anything that indicated that. Obviously, we have some accounting problems of a severe nature, with huge reserves that are going to be spent later.

All I said was that there are ways and means in terms of accounting, definitions and the like, that can indeed make this workable within the terms of the constitutional amendment.

Mr. GORTON. I thank the Senator from New Mexico. In that respect, I agree with him entirely. I assume he would make the same statement in connection with any other trust fund.

Mr. DOMENICI. The Senator is absolutely correct. In fact, I said at one point, that if this amendment becomes part of the Constitution, we may have some trust funds the Senator and I do not know about yet that will have a similar problem. This colloquy ought to help us with those too. There may be similar situations that we ought to be able to take care of by accounting so they do not prejudice their real purpose or the annual budgets in any way.

Mr. GORTON. The Senator is simply saying that by statutes creating and governing those trust funds, we can see to it that the trust fund is preserved, without automatically violating this constitutional amendment.

Mr. DOMENICI. The Senator is correct.

Mr. HEINZ. The Senator is correct. I would only add that one of the things that seems apparent to this Senator—and his view may be shared, I do not know—is that we have not seen any means, at least in the National Commission or the Finance Committee or the Aging Committee, to do what we do with the rest of the Federal budget, which is put it on a pay-as-you-go basis. We do not know how to do that. The demographics do not permit us a strict pay-as-you-go approach in social security, no matter which assumptions, current law or proposed, one accepts. Therefore, we have to have a method of dealing with the programs which, for good reasons, are not pay-as-you-go programs. I trust that is an answer to the Senator's inquiry.

Mr. GORTON. I thank the Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I think we all remember the balanced budget amendment. The colloquy shows that the Senator from New Mexico was, indeed, sensitive to the very problem I described at these charts. That problem was, "How could you make the balanced budget amendment operate if you had these kinds of deficits operating in the budget from the Social Security Trust Fund?"

Now, I do not wish to put words into the mouth of the Senator from New Mexico, but my reading of our colloquy is that he had some real concern about that issue back last year. And I think, Mr. President, that the real issue is how are we going to address that concern today. I do not know how we can have rational budgeting, how we can control the Federal Government in the proper way, if we insist on keeping the tremendous surpluses and deficits that will cycle through the social security program in the so-called budget deficit. That does not mean that we cannot display a consolidated budget. Indeed, we can. That is what we did in 1968, 1967, and in previous years.

Mr. President, I say to my good friend from New Mexico I have concluded my remarks. I appreciate his courtesy, and I understand he has a little message he wants to deliver to the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I thank the Senator from Pennsylvania for his participation. I think he has contributed immensely.

I have a couple of responses I should like to make, but in the interest of time, I will not do so, other than to respond to one point.

I hope nobody really believes this is a turf battle. Frankly, it is not. I do not see how you could have a budget resolution and a Budget Committee charged with doing what it is supposed to do and take social security and put it off on the side. If that is turf, it is turf in a sense different from coveting it for some purpose to affect it or hover over it or pull it into a committee and do something with it.

What we are talking about is presenting an appropriate picture of the Government versus the economy. In that sense, it is turf.

Likewise, the amendment does not have any effect on the executive branch, as the Senator speaks of, or CBO. It affects our budget resolutions and nothing more. It does not preclude a President, 5 years from now, recommending changes in social security. It just affects the budget resolutions that come before the Senate and the House.

With that, I raise a point of order against the Heinz amendment on the ground that the amendment violates section 306 of the Congressional Budget Act.

Mr. HEINZ. Mr. President, I move to waive the Budget Act.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Budget Act.

Mr. RIEGLE. Mr. President, I ask for the yeas and nays.

Mr. DOMENICI. Mr. President, a parliamentary inquiry. What is the issue before the Senate?

The PRESIDING OFFICER. The question before the Senate is the motion to waive the Budget Act.

Mr. RIEGLE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. DOMENICI. Mr. President, I move to table the motion to waive the Budget Act, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion

to table the motion to waive the Budget Act. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Nevada (Mr. LAXALT) and the Senator from Illinois (Mr. PERCY) are necessarily absent.

I further announce that, if present and voting, the Senator from Illinois (Mr. PERCY) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Maryland (Mr. SARBANES) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 56, nays 41, as follows:

[Rollcall Vote No. 39 Leg.]

YEAS—56

Abdnor	Goldwater	Nunn
Andrews	Gorton	Packwood
Armstrong	Grassley	Proxmire
Baker	Hatfield	Quayle
Bentsen	Hawkins	Roth
Bingaman	Hecht	Rudman
Boschwitz	Heflin	Simpson
Chafee	Hollings	Stafford
Chiles	Huddleston	Stevens
Cochran	Jepsen	Symms
Cohen	Johnston	Thurmond
D'Amato	Kassebaum	Tower
Denton	Kasten	Trible
Dixon	Lugar	Wallop
Dole	Mathias	Warner
Domenici	Mattingly	Weicker
East	McClure	Wilson
Exon	Murkowski	Zorinsky
Garn	Nickles	

NAYS—41

Baucus	Glenn	Melcher
Biden	Hart	Metzenbaum
Boren	Hatch	Mitchell
Bradley	Heinz	Moynihan
Bumpers	Helms	Pell
Burdick	Humphrey	Pressler
Byrd	Inouye	Pryor
Cranston	Jackson	Randolph
Danforth	Kennedy	Riegle
DeConcini	Lautenberg	Sasser
Dodd	Leahy	Specter
Durenberger	Levin	Stennis
Eagleton	Long	Tsongas
Ford	Matsunaga	

NOT VOTING—3

Laxalt	Percy	Sarbanes

So the motion to table the motion to waive the Budget Act was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. DOMENICI. I move to table that motion.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

Mr. DOMENICI. Mr. President, I raise a point of order against the Heinz amendment on the ground that it violates section 306 of the Budget Act.

The PRESIDING OFFICER. Before the Chair rules, I recognize the Senator from West Virginia.

Mr. BYRD. I thank the Chair.

SENATE SCHEDULE FOR THIS EVENING

Mr. President, I asked for recognition at this point to inquire of the distinguished majority leader, if he will, to indicate what the plans are for the rest of the evening.

Mr. BAKER. Yes, Mr. President, I thank the minority leader.

First, let me say I think we are making good progress on this bill now, and I share with the distinguished manager of the bill on this side the hope that we can finish it yet tonight. Therefore, my first answer to the minority leader is I would expect this to be a reasonably late night because we still have two or three amendments of consequence to deal with.

It is further complicated by the feeling of the leadership on this side that we must do the jobs bill conference report as soon as we receive it. The last information I have from the other body is that they are now debating amendment No. 82 which deals with targeting, and they expect to vote on that amendment at about 6:30 p.m. I am told that is the only amendment that will require extensive debate and, perhaps, the only one that will require a vote.

Based on that they should complete action on the conference report in the House by 7 p.m. or thereabouts. It has already been enrolled, assuming no further changes are made, and it should be in the Senate by 7:30 p.m.

I hope to admit the messenger as soon as he reaches the door of the Senate Chamber, and since it is a privileged matter, I would ask the Chair to lay the conference report before the Senate, which would temporarily displace the social security package.

I do not know how long it will take to finish the conference report on the jobs bill but based on information I am given by the chairman of the committee and others, Senator HATFIELD and others, I would not expect it to take a long time. So I would expect we could finish the jobs conference report by, say, 8:30 tonight, in which case we would go back to social security. That would give us from 8:30 to maybe 10:30 or 11 or maybe 11:30 tonight—I see the chairman of the Finance Committee egging me on for an ever later estimate—I think there is a chance, may I say to my friend, the minority leader, that we can finish both the jobs bill conference report tonight and the social security bill.

It is important to do that if we can because we have still got a conference, perhaps a long conference, on social security. I do not anticipate a long conference, but it will be, even if the best we can do, it is probably going to be Thursday morning before the House can get to the conference report, and if we can beat that I, of course, want to. But the way it looks right now we will be in until 10 or 11 p.m., maybe later, tonight.

We hope we can finish social security tonight, and if we cannot we will go back on it in the morning. We are going to do the jobs bill conference yet tonight, which should not take very long, and the chances now of getting out Wednesday look slim; the chances of getting out on Thursday look good.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico has raised a point of order.

Mr. BYRD. Mr. President, I ask the Chair to recognize me further, and I thank the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. May I say to the distinguished majority leader that we are canvassing this side of the aisle to try to get some indication of how many amendments remain and as to whether or not those who would offer such amendments would be willing to enter into a time agreement. That may not be the desire of the distinguished manager to enter into any time agreement. He may feel that better progress can sometimes be made without a time agreement on amendments.

I understand Mr. LONG has two amendments, Mr. BAUCUS has two amendments, Mr. LEVIN has one amendment, Mr. BOREN has one amendment, Mr. MATSUNAGA has one or two amendments, Mr. BRADLEY may or may not have an amendment, and Mr. DECONCINI may or may not have an amendment.

Mr. RIEGLE. I have an amendment.

Mr. BYRD. And Mr. RIEGLE.

Mr. BAKER. That is very helpful, and I will confer with the distinguished manager of the bill and have something further to say about it. If we can lock in that no other amendments may be in order, it may be much easier to enter into time agreements after we have identified those amendments.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico raises the point of order——

Mr. RIEGLE. May I be heard on the point of order before the ruling is made?

The PRESIDING OFFICER. I have deferred to the Senator from Michigan, and I have waited for a long time.

Mr. RIEGLE. I understand. I asked for a chance——

The PRESIDING OFFICER. The Chair has some rights, too.

A point of order has been raised, and it is not open to debate.

The amendment of the Senator from Pennsylvania would affect the concurrent resolution on the budget considered under title III of the Congressional Budget Act of 1974. This is a matter within the jurisdiction of the Budget Committee, and since the amendment is not offered by that

committee, it violates section 306 of the Budget Act, and the point of order is sustained.

SEVERAL SENATORS addressed the Chair.

Mr. DOMENICI. I thank the Chair.

UP AMENDMENT NO. 106

(Purpose: To require separate functional categories in the budget for the Social Security Trust Funds)

Mr. RIEGLE. Mr. President, I have an amendment I send to the desk, and while we have colleagues on the floor I ask first that it be read.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Michigan (Mr. RIEGLE) proposes an unprinted amendment numbered 106.

Mr. RIEGLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of title I, insert the following:

SEPARATE FUNCTIONAL CATEGORIES IN THE BUDGET FOR THE SOCIAL SECURITY TRUST FUNDS

SEC. . Part A of title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"SEPARATE FUNCTIONAL CATEGORIES IN THE BUDGET FOR THE SOCIAL SECURITY TRUST FUNDS

"SEC. 1136. (a)(1) For fiscal years beginning after September 30, 1984, the President shall, in accordance with the second sentence of section 1104(c) of title 31, United States Code, establish a separate functional category for requests for new budget authority and estimates of outlays for the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, and the Federal Supplementary Medical Insurance Trust Fund, and a separate category for estimates of revenues for such Trust Funds and estimates of revenues from taxes imposed under sections 1401, 3101, and 3111 of the Internal Revenue Code of 1954. The categories established by the President pursuant to the preceding sentence shall be used in the preparation and submission of the budget under section 1105(a) of title 31, United States Code, for each fiscal year beginning after September 30, 1984. The budget submitted under such section for each such fiscal year shall not classify requests for new budget authority and estimates of outlays and revenues for such Trust Funds and estimates of revenues from taxes imposed under sections 1401, 3101, and 3111 of the Internal Revenue Code of 1954 under any functional category other than the categories established by the President pursuant to this paragraph.

"(2) Notwithstanding any other provision of law, any concurrent resolution on the budget considered under title III of the Congressional Budget Act of 1974 for a fiscal year beginning after September 30, 1984, shall use the categories established by the President under paragraph (1) in specifying the appropriate levels of new budget authority and budget outlays for the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, and the Federal Supplementary Medical Insurance Trust Fund and in specifying the recommended level of revenues for such Trust Funds and revenues from taxes imposed under sections 1401, 3101, and 3111 of the Internal Revenue Code of 1954. A concurrent resolution on the budget considered under title III of the Congressional Budget Act of 1974 for any such fiscal year shall not classify the appropriate levels of new budget authority and budget outlays for such Trust Funds or the recommended level of revenues for such Trust Funds and revenues from taxes imposed under sections 1401, 3101, and 3111 of the Internal Revenue Code of 1954 under any functional category other than the categories established by the President pursuant to paragraph (1).

"(b) It shall not be in order in the Senate or the House of Representatives to consider any concurrent resolution on the budget under title III of the Congressional Budget Act of 1974 for any fiscal year beginning after September 30, 1983, or any amendment thereto or any conference report thereon if such concurrent resolution, amendment, or conference report contains any specifications or directions described in the second sentence of section 310(a) of such Act which relate to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or the Federal Hospital Insurance Trust Fund or revenues from taxes imposed under sections 1401, 3101, and 3111 of the Internal Revenue Code of 1954.

"(c) The provisions of subsections (a)(2) and (b) are enacted by the Congress—

"(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

"(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

"(d) For purposes of this section—

"(1) the term 'budget outlays' has the same meaning as in section 3(1) of the Congressional Budget and Impoundment Control Act of 1974;

"(2) the term 'budget authority' has the same meaning as in section 3(2) of such Act; and

"(3) the term 'concurrent resolution on the budget' has the same meaning as in section 3(4) of such Act.".

Mr. RIEGLE. Let me just say while we have a good attendance here that I think on an issue of this kind which represents a recommendation from the National Commission on Social Security, which is the proposal that Senator HEINZ and I put forward, and which we have just had a procedural vote upon, when that same recommendation has been adopted within the House bill, that by any reasonable measure of germaneness that issue ought to be one we ought to have a chance to vote on up or down on the merits.

Now I understand the effort by the Budget Committee to prevent that happening. It is very much a turf struggle here, and I say that as a member of the Budget Committee. The Budget Committee wants to retain the authority here, if it can, to keep this matter fully within the budget.

The amendment that I have just sent to the desk would be different in this respect: It would recognize the inclusion of social security within the budget, but it would not allow the Budget Committee to include social security within the reconciliation process. That is the key issue.

I hope—I address this to the Senator from Kansas, the chairman of the Finance Committee and others—if we are going to have mandated changes in social security in the future, they ought not to come from the Budget Committee. They ought to come from the authorizing committee which can bring forward whatever recommendations it wishes to make.

But in the past what has happened is that the legislative committees have been bypassed by means of the reconciliation process, and you have a Budget Committee serving as the master committee of all of the committees of the Senate. It is not a good process, and I think now is the time to break away from it.

So my amendment differs in that respect. It will leave social security in the budget process, although I think it ought to come out. But it would say that social security, that function, would not be included within the reconciliation process. That means the Budget Committee cannot make those recommendations and come here and in effect offer a mandate as to changes that ought to take place here. That responsibility properly ought to reside within the legislative committee of jurisdiction which is Finance and this would respect that division.

So I hope that the chairman could accept this amendment. Otherwise, we are going to have to debate it here for a while and, in due course, I hope to have a vote on it.

I think this is a reasonable compromise. It addresses precisely what the Senators from New Mexico and Florida asked for earlier, and that is inclusion of social security within the budget, but it strikes the reconciliation power, which means that they do not have the power and the Committee on the Budget does not have the power to come in here mandating legislative changes in social security. That would be a responsibility retained for the Finance Committee, where it ought to be.

Unless, in fact, the Budget Committee seeks that legislative power, I would think that those two Senators and any others who voted on that side ought to support this amendment. Because this amendment accomplishes

everything they ask for short of the power to mandate reductions in social security based on the thinking of the Budget Committee.

Mr. CHILES. Will the Senator yield?

Mr. RIEGLE. Yes; I yield.

Mr. CHILES. As I understand the amendment of the Senator, it would not only prevent the reconciliation of social security but it would also prevent any reconciliation of medicare?

Mr. RIEGLE. That is correct.

Mr. CHILES. Well, I think if you really want to look at the next crisis that we have, it is medicare. Medicare is a little different from social security.

Now I think it is interesting to note that the Budget Committee is the great ogre in this, but there is no reconciliation unless this body adopts it. It takes the Senate to decide that there is going to be a reconciliation. It takes the Senate to say we think that now we should instruct committees that they have to make some changes or have to make some savings.

Now, I am not sure that the Finance Committee, when we get to problems on medicare, is not going to want at some time to be instructed that they have to do something. If they are instructed they have to do something, then they go do it. But, if the body, the Senate, has not made instructions to do that, I do not know what we are going to do about medicare. Again it takes this whole body to determine that.

Here we are debating a bill in which we are talking about making the social security system sound—and that is very necessary—and we are going to, while we are doing that, tie our hands behind our back so that we will not be able to have the tools necessary to make medicare sound.

Medicare is not sound today. All of us know that. It is a crisis ready to just explode or to be discovered, concerning what the costs have been and the way the costs have accelerated and the way they continue to accelerate.

Now you are going to say by this nice, little amendment here that the Budget Committee cannot make a recommendation to this body that we should include savings that should be done to perfect or protect medicare. It takes the body to do that, not the Budget Committee.

Maybe it is a good thing not to have that responsibility, not to have to point out what the problems are in that and to bring those problems to the Senate. But I think it would be sort of a bad day for the Senate if we started chopping away at the Budget Act to say you cannot reconcile in medicare, because we all know the problem that is there in that regard.

It would seem to me, if we are going to do something like this, we ought to hold hearings, we ought to determine, through the Committee on Governmental Operations, which is the committee that created the Budget Committee—and that committee is going to hold some hearings on the Budget Act now—we ought to be looking at that before we determine that we want to say that we are going to take away medicare.

CBO says medicare is going to be broke in 1987. Medicare costs are projected to double from $57 billion to $112 billion in the next 5 years—in 5 years those costs are going to double.

What you are going to say in this nice little amendment is: "Budget Committee, don't look at that. We don't want to hear from you on that. Don't have anything to say on that. Don't recommend to the Senate that we do anything about that."

Mr. RIEGLE. If the Senator would yield at that point, that is not what it says. The Budget Committee is free to make a recommendation any time it wants to on this issue. The difference is it is not in a position to mandate legislative changes.

Mr. CHILES. But I say to the Senator from Michigan, the Budget Committee does not mandate, the Senate mandates. It is only when you have a vote, a majority vote, in this Senate, that you have a mandate. The Budget Committee just recommends. That is all it does. It takes a majority of the Members of this Senate to make any reconciliation.

Senator RIEGLE says the reconciliation gives the Budget Committee the right to change social security. All the Budget Committee does is say to the Finance Committee, "Save a certain number of dollars." Again, it is up to the Finance Committee to determine where to save that money. We cannot tell the Finance Committee whether to do it off of social security, off of medicare, or anything else. We just project to them to save a certain number of dollars. It is still up to the Finance Committee to determine whether they are going to save it.

Mr. RIEGLE. If the Senator would yield, he is certainly aware of the fact that if social security is one of the functions that is included in there, then that becomes part of the mandate as to where the savings can come from.

Mr. CHILES. No; it is not binding.

Mr. RIEGLE. What I am suggesting is we take it out of the reconciliation process so there is not any ambiguity about it. Let us treat social security and the trust fund on their own bases. Let us keep those to the side in terms of reconciliation.

The fact of the matter is by including them, you make them targets. That is precisely what you do. And you can obscure it any way you want with whatever kind of language you want. The fact of the matter is that is what happens and people do not want that any more, and the Social Security Commission does not want it any more.

Mr. CHILES. The fact of the matter is I want to face it very directly. I think medicare is going to have to be a target. I think medicare is going to have to be looked at and examined by this Congress and by this Senate to determine what in the heck we are going to do about a program that is going to double in 5 years, a program that is going to go bust in 1987. And if you are going to say to the Budget Committee, "Get out of that act, don't have anything to do with that, don't look at that," then, my goodness, you might as well decide that the Budget Committee better not look at anything.

That is the most drastic problem that is going to face the Congress in the next year. As soon as we finish this one, we better be working on that next one. Because that is the biggest problem we have on the block and the biggest problem we have for those old people out there that are the recipients. How are we going to pay for it, how are we going to continue to try to cover it? And you are going to say, "Don't look at it in the Budget Committee."

Mr. RIEGLE. If the Senator will yield, what I am hearing is the Budget Committee is becoming the committee for the Senate. We are going to make all of these decisions in the Budget Committee. We do not have the legislative jurisdiction in that area.

Mr. CHILES. Will the Senator yield?

Mr. RIEGLE. I will yield in just a minute.

The Budget Committee does not have the legislative authority to delve into these issues. That is a responsibility of another committee in the Senate. As a matter of fact, that is one of the reasons that no member of the Budget Committee were members of the Social Security Commission. The Finance Committee members were named to the Social Security Commission, not the members of the Budget Committee. They were Finance Committee members, as properly they should have been.

The fact of the matter is that this matter should not be included in reconciliation. That is the problem of the last few years, a problem that has to be corrected.

Mr. CHILES. The Senator hears what he wants to hear, but I must say that the Budget Committee is certainly not the committee of primary jurisdiction, but it is the committee that looks at the fiscal condition of the Nation. It looks at the fiscal policy. If you say we will not be able to look at medicare, an area that is doubling in 5 years, an area that is going busted under the CBO in 1987, and to say we are going to exclude that from the province of the Budget Committee, we

are not going to consider that and allow them to make a recommendation to the Senate as to what should be done, to me you might as well do away with the Budget Committee because that is the biggest problem that we have on the block.

We are saying we are taking away from that problem, and we are doing it in a handwritten amendmemt, with no hearings on the amendment, no consideration by the Commission on Medicare, and no consideration by anybody. We are writing that down and we are about to do that at this time of night. I think it would be a tragic, tragic thing, if we do.

I yield the floor.

Mr. RIEGLE. Mr. President, I think now this amendment really sort of strips the debate right down to its essentials. That is that it is clear, I think, to anybody who is following this debate. The earlier arguments that the Budget Committee wanted to be able to keep track of this, for broad macroeconomic policy reasons and considerations, was really not the fundamental argument being advanced by the other side. The fact of the matter is that they want to have jurisdiction over these trust funds under the reconciliation process. It is a far more questionable purpose, disturbing purpose, on the part of the Budget Committee in this particular instance.

This is precisely what the National Commission on Social Security recognized. That is that this issue should not be locked into the reconciliation process coming out of the Budget Committee because what happens is in order to finance other areas of the Federal Government one raid after the other is made upon either social security or the other trust fund activities, whether they be medicare coverage or whether they be the early retirement benefit or what have you.

Systematically, time after time after time, an effort was made to reduce those over the last 2 years and to take that so-called room in the budget and allocate that to other things, because we have not cut the overall budget one dime. The budget is rising every single day, the deficits are rising, the money is being transferred.

The purpose of the recommendation of the Social Security Commission was to set the trust funds aside so that they would not be the target of that kind of manipulation within the budget process.

So what this amendment does—we concede the point, though I do not like to do it—is to leave the trust funds within the budget for any type of macroeconomic analysis that wants to be done, but when it comes to the hard bottom line of reconciliation, the trust funds will be set aside from the reconciliation and treat the Federal budget as an entity without those trust funds being figured in in reconciliation.

I am not surprised that the Budget Committee squawks about that. They want the power, as a matter of fact. Every other legislative committee in the Senate knows that. Everybody has bumped into the Budget Committee at one time or another on issues of this kind.

We are not equipped in the Budget Committee, in my judgment, to make the kind of substantive program decisions that, in a sense, are required when making major alterations in spending in the social security trust fund programs. To come in and, in a sense, lock in those requirements through a reconciliation process is the wrong way to proceed.

The committees of jurisdiction ought to retain that jurisdiction. I am surprised that they are not here fighting harder for it, rather than just surrendering it to one all-powerful committee which is prepared to do all the thinking for all the legislative committees around here. I do not think that has helped the Senate. I think that has ended up getting us into trouble.

We have seen that in social security. That is why we have the recommendation before us from the President's Commission, 10 of whom were selected by the White House and 5 by the opposition party, saying that it is time to take the politics out of social security, to take it out of the budget process, take it out of the reconciliation process, and restore the integrity of this money, to put it into a situation where it is free standing and where it cannot become the subject of budget manipulation or any other kind of manipulation. That is the issue here. It is that simple.

People understand it. Polls have been done that show people think that social security and the trust funds ought to be taken out of the Federal budget, put on a freestanding basis, monitored more closely with outside public participants on the board, which is a recommendation which we also adopted in the package here, in order to see to it that this money is not taken and diverted for other purposes. That is precisely what is happening under reconciliation.

It is time to put a stop to it, if we are going to restore credibility to the social security system and people being able to have faith that the moneys they are going to put into the system will be there when they need to call on it. We need to set this aside and get it out from under the manipulation that takes place in the reconciliation process.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I rise not in support of the Budget Committee on this matter but, rather, in support of the committee of jurisdiction to make changes that might be needed from time to time in the disability program, the social security program, and medicare. Basically it is the Finance Committee that will be affected by this amendment and not the Budget Committee.

All the Budget Committee does with reference to a program like medicare, which is going to be bankrupt soon, is tell the committee of jurisdiction, which has jurisdiction over many programs, that they have to make savings of a certain amount in each of the next 3 years. It is up to them to decide where they make the savings, how they make them, but, indeed, they get the protection of coming to the floor when they make those tough decisions, coming in here with a reconciliation bill, after we have voted to give them direction and the House has voted to give them direction, and we have gone to conference and voted on a conference.

Then the Finance Committee, as the committee of jurisdiction, is the committee that will decide how they will reform it, if they reform it, to save the money prescribed. But they get the benefit of a reconciliation bill in taking these very difficult steps that are necessary.

If we are going to come to the floor and in a piecemeal manner, with a Budget Act that clearly says no bill, resolution, or amendment to any bill, resolution or amendment is in order unless it comes from the Budget Committee, if we want to just throw that away and say we do not want anyone making any tough decisions about medicare or disability insurance, we do not want to give the Finance Committee any opportunity to bring a bill to the floor protected by the Budget Act so you can get it voted on, so you can protect it against nongermane amendments, then vote with the Senator, and we will just piecemeal here decide in advance before the Senate gets to vote on a reconciliation, before Finance gets to look at it and see if they like it, if they want it, if it helps accomplish their purpose, then vote for what the Senator is voting for.

It is not social security, it is disability and medicare. But in the final analysis, it is saying we can instruct the Finance Committee in reconciliation but it will have no binding effect in the areas he has described. I do not believe any Senator wants to do that. I think that is an absolute shambles, no way to handle a Budget Act. We may just as well repeal it as do what he is asking for.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I have listened to the Senator from Michigan. I agree with some of the points he made. However, after listening to the Senator from New Mexico and the

Senator from Florida (Mr. CHILES), I really believe that we are going to be faced with a crisis in medicare in a couple of years. As I understand the budget process and having been on the committee a couple of years, I do not think the Budget Committee reconciles medicare. As I understand, they give the committee a target figure. The Budget Committee may have medicare in mind when they do that, but there is no specific target for medicare, is that correct? That has not changed.

Mr. DOMENICI. The Senator is absolutely correct.

Mr. DOLE. If, in fact, we are going to start to amend the budget process, then I would like to be a part of it. I have several concerns with the Budget Committee and with the process itself in its relation to the Senate Finance Committee. I would rather amend the budget process in a broader sense than this amendment would provide.

I certainly compliment the distinguished Senator from Michigan. I think he is, in effect, trying to protect our jurisdiction.

As he properly pointed when we wanted to address social security, we took members from the Finance Committee. That is our jurisdiction. Somebody has suggested a Commission on Medicare. I am certain it would go to the Finance Committee, if there are public members.

I hope that I can speed up the process by moving to table the amendment without offending the Senator from Michigan. I certainly have an open mind on what the Senator from Michigan has outlined but I would prefer not to try to resolve it this evening. It is my hope that we can move quickly on this and other amendments and still finish tonight. So I move to lay the amendment on the table.

Mr. DOMENICI. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay the amendment of the Senator from Michigan on the table. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Illinois (Mr. PERCY) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Missouri, (Mr. EAGLETON) and the Senator from Maryland (Mr. SARBANES) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 68, nays 29, as follows:

[Rollcall Vote No. 40 Leg.]

YEAS—68

Abdnor	Goldwater	Murkowski
Andrews	Gorton	Nickles
Armstrong	Grassley	Nunn
Baker	Hatch	Packwood
Bentsen	Hatfield	Pressler
Bingaman	Hawkins	Proxmire
Boren	Hecht	Pryor
Boschwitz	Heflin	Quayle
Chafee	Heinz	Roth
Chiles	Helms	Rudman
Cochran	Hollings	Simpson
Cohen	Huddleston	Specter
D'Amato	Humphrey	Stafford
Danforth	Jepsen	Stevens
Denton	Johnston	Symms
Dixon	Kassebaum	Thurmond
Dole	Kasten	Tower
Domenici	Laxalt	Trible
Durenberger	Long	Wallop
East	Lugar	Warner
Exon	Mathias	Wilson
Ford	Mattingly	Zorinsky
Garn	McClure	

NAYS—29

Baucus	Hart	Mitchell
Biden	Inouye	Moynihan
Bradley	Jackson	Pell
Bumpers	Kennedy	Randolph
Burdick	Lautenberg	Riegle
Byrd	Leahy	Sasser
Cranston	Levin	Stennis
DeConcini	Matsunaga	Tsongas
Dodd	Melcher	Weicker
Glenn	Metzenbaum	

NOT VOTING—3

Eagleton	Percy	Sarbanes

So the motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. GOLDWATER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 107

(Purpose: To correct the provision relating to child dropout years)

Mr. ARMSTRONG. Mr. President, I have two amendments I should like the Senate to consider, and the first is a technical amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Colorado (Mr. ARMSTRONG) proposes an unprinted amendment numbered 107.

Mr. ARMSTRONG. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 105, strike out lines 5 through 13, and insert the following:

SEC. 122. (a) Section 215(b)(2)(A) of the Social Security Act is amended to read as follows:

"(2)(A) The number of an individual's benefit computation years equals the number of elapsed years reduced—

"(i) in the case of an individual who in entitled to old-age insurance benefits (except as provided in the second sentence of this subparagraph), or who has died, by 5 years and by any child-care years (as defined in this paragraph), and

"(ii) in the case of an individual who is entitled to disability insurance benefits, by the sum of the number of years equal to one-fifth of such individual's elapsed years (disregarding any resulting fractional part of a year) and any child-care years (as defined in this paragraph) but not by more than the sum of 5 years and any such child-care years.

Clause (ii), once applicable with respect to any individual, shall continue to apply for purposes of determining such individual's primary insurance amount for purposes of any subsequent eligibility for disability or old-age insurance benefits unless prior to the month in which such eligibility begins there occurs a period of at least 12 consecutive months for which he was not entitled to a disability or an old-age insurance benefit. If an individual described in clauses (i) or (ii) is living with a child (of such individual or his or her spouse) under the age of 3 in any calendar year which is included in such individual's computation base years, each such year (up to a combined total not exceeding 2) shall be considered a 'child-care year' if in such year the individual was living with such child substantially throughout the period in which the child was alive and under the age of 3 in such year and the individual had no earnings as described in section 203(f)(5) in such year. The preceding sentence shall apply only to the extent that its application would not result in a lower primary insurance amount. The number of an individual's benefit computation years as determined under this subparagraph shall in no case be less than 2."

Mr. ARMSTRONG. Mr. President, I will take just a few seconds to explain the amendmnt. The amendment has been discussed with the staff.

It simply clears up a provision which already appears in the bill.

Mr. MOYHIHAN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. ARMSTRONG. I thank the Chair, and I thank the Senator from New York.

Mr. President, the bill, as it comes from the Finance Committee, provides 2 additional dropout years when computing benefits for a worker who leaves the work force to care for very young children while at home.

I offered this amendment in committee and was pleased that it was adopted. However, when the legislation was drafted following the committee markup, somehow the full import of the intention was not included in the actual drafted language, and therefore this technical amendment is necessary.

As the provision now appears in the Finance Committee bill, it would be operative in only a relatively few cases. The reason is that the child care dropout years provided are applied after selecting the years to be used in determining the person's average earnings instead of before selecting those years, as is done for the regular 5-year dropout applicable to all beneficiaries. The actuarial cost estimates assumed

that it would be fully operative and this is allowed for in the funding of the bill.

This is purely a technical amendment, and unless there is further discussion, I will call for the question on the amendment.

The PRESIDING OFFICER. Is there further debate?

Mr. DOLE. Mr. President, the Senator from Kansas confirms what the distinguished Senator from Colorado has just stated. We did adopt the amendment in the committee. However, it was called to our attention that we need a change in the wording of the amendment to do what the Senator from Colorado intended. That is precisely what the Senator has done.

Under the 1980 disability amendments, up to 3 child care dropout years were provided for persons applying for disability benefits who had years caring for a child under age 3. In order to qualify, however, the person could have no earnings in that year. Child care dropout years are computed after determining regular dropout years in the benefit computation.

The committee amendment contains a provision which allows up to 2 additional dropout years for persons applying for retirement, survivors or disability benefits. The provision would have the same eligibility requirements as under current law in the case of young disabled workers. That is, the wage earner must have had a child under age 3 in his or her care and the wage earner could not have any earnings in that year. As under present law, if after dropping 5 years of low earnings, the wage earner also has extra years of no earnings, he or she may be able to claim 1 or 2 child care drop years.

The amendment would change the computation of child care dropout years so that those dropout years are determined before providing the regular drop years now in the law for all workers. This would insure that women—or men—who stay out of the work force to care for a child actually receive some advantage over present law.

I understand from the social security actuaries that this amendment would not increase the short- or long-range cost of the proposal in the committee bill.

This is a good amendment, and I think it should be accepted.

Mr. MOYNIHAN. Mr. President, the Senator from Colorado is quite correct in his statement.

I will take just a moment to call attention to the amendment he offered on child care years and to remind Senators that there are more than a few provisions in this legislation which liberalize the system and get rid of inequities—in this case, for working women, and particularly older women as well.

This is not just an unalloyed bit of castor oil. There are many positive aspects, and one of them is precisely to be ascribed to the efforts of the Senator from Colorado, for which I express my appreciation.

Mr. ARMSTRONG. I am grateful to the Senator from New York for his observation, particularly his words about my role in presenting this amendment. He is correct. There are throughout this bill a number of provisions which liberalize benefits. I thank him for his observation and for his encouragement in this amendment and the others in which he has had a large hand.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 107) was agreed to.

Mr. ARMSTRONG. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 108

Mr. ARMSTRONG. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Colorado (Mr. ARMSTRONG) proposes an unprinted amendment numbered 108.

Mr. ARMSTRONG. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 125, beginning with line 19, strike out all through page 129, line 23.

Redesignate subsequent sections accordingly.

On page 130, strike out the matter between lines 11 and 12, and insert in lieu thereof the following:

In the case of a taxable year—

Beginning after:	*And before:*	*Percent*
December 31, 1983	*January 1, 1985*	*10.8*
December 31, 1984	*January 1, 1990*	*11.4*
December 31, 1989		*12.4*

Page 131, in the matter between lines 14 and 15, strike out "2.9" in the item relating to 1984 and insert in lieu thereof "2.6".

Mr. ARMSTRONG. Mr. President, I send this amendment to the desk on behalf of myself and the Senators from Georgia (Mr. NUNN and Mr. MATTINGLY), the Senator from Nebraska (Mr. ZORINSKI), and the Senator from Idaho (Mr. SYMMS).

This amendment simply leaves the payroll tax alone. The Commission's recommendations and the proposal which appears before us now as the Senate Finance Committee recommendation increases the already large payroll tax burden on the workers and employers of the country and does so, it seems to me, at a most inopportune time.

During the 1970's, tax maximums quadrupled. They will triple again during the 1980's as the result of legislation already on the books, without taking into account the increase which is called for by this legislation. It seems to me that such an increase on top of that which is already in progress—that is, the twelvefold increase in payroll tax maximums of the 1970's and 1980's—is not only illogical, is not only bad economic policy, but also in its essence is unfair.

Let me say a word first about the possible effects of higher payroll taxes on our overall economic situation, a matter I judge to be of great concern to all Senators, as it is to our constituents, because I think most of us believe that we are just beginning to see an economic recovery which will eventually bring unemployment rates down to some kind of halfway acceptable levels. But if we are going to have that recovery and if people are going to go back to work, I suggest that it does not make sense to increase payroll taxes.

I approach this from a very simple point of view, and it is that if you tax something, you are going to get less of it. The last thing we want to get less of at this critical moment in our history is jobs. We want more jobs.

In 1977, the last time we increased payroll taxes, the Congressional Budget Office estimated that the then tax increase would cost some 500,000 jobs. I do not think it is a coincidence that since that massive payroll tax increase we have seen a growth in the problem of chronic unemployment.

So the first reason I urge my colleagues to support this amendment is that it is bad macroeconomic policy.

Second, I would suggest to you the higher payroll taxes simply are not there. Counting both the employer and employee contribution, the average working man and woman in this country pays more in payroll taxes than they do in Federal income taxes. Think of it. A tax which was originally expected and intended to be a very, very modest small tax has now grown to be larger than the basic Federal income tax for more than half the workers of this country.

One of our colleagues pointed out to me just within the last 15 minutes that when he first went to work he paid $40 the first year he worked in social security taxes, and he estimates that if he went to work in that same job today at today's wages for that same job he would pay $2,200.

That is not a trend that is unknown to working men and women. In fact, many of them feel that this is a serious injustice, and I think they are right.

I am not bold enough tonight to suggest that we roll back the payroll tax

increases of 1977, but I do suggest this is not the moment to further increase the tax as is suggested by this bill.

I wish to also point out to the Senate that higher payroll taxes are highly controversial with the people who pay them, and the tendency of raising taxes in order to finance the deficit in the social security system is precisely to feed the flame of what someone has called an intergenerational time bomb.

I do not perhaps think that is an entirely accurate characterization. It may be an overemotional characterization of the concerns that younger workers have, but I do note that they are more and more reluctant to support the social security system, and one of the things we want to get out of the passage of this bill is a shoring up of public faith and confidence in social security and putting to ease the divisiveness that has characterized this to a large extent.

What is the justice of it? Aside from how anyone feels about it, what is the real bottom-line justice of a payroll tax increase as compared to the benefit increases that we have seen in social security?

Mr. President, I would suggest to you that there is no stronger reason than just fundamental justice not to increase taxes. We all know that the source of support, the principal source of support for social security is payroll taxes. Benefits during recent years under social security have risen very rapidly. As a matter of fact, during the last decade benefits for social security have risen nearly twice as rapidly as the payroll on which the tax is based; that is, the earning capacity of the workers of the country.

As a matter of fact, just to put it in an even clearer perspective, social security benefits have risen about 50 percent faster than the Consumer Price Index, while wages of working men and women have fallen behind the growth of the CPI.

So for all of these reasons and one more which I wish to mention, I urge the adoption of the amendment.

The final reason to some may not be important, but for some of us it has a very great significance, and this is the question of the refundable tax credit which is built into the Finance Committee recommendation. We have had a principle of parity of treatment between employer and employee all these years back to the very beginning of social security. In the bill we violate that principle by providing a refundable tax credit for 1 year of the employee's portion of the payroll tax increase.

Now, that crosses two thresholds that I am reluctant to cross. One is the general fund financing threshold and the other is the parity between employee and employer. If we roll back the suggested tax increase, we avoid the necessity for doing so.

For these reasons, Mr. President, I urge the adoption of the amendment.

The PRESIDING OFFICER (Mr. MATTINGLY). The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, the Senator from Colorado expresses the judgment feeling that many of us have and none of us would in any way wish to do what this bill is doing with respect to payroll taxes if it were not an irony. We must raise 160-plus billion dollars in the next 8 years or our system will be defunct. If we do it we will go into a longer period of surplus which will surprise us but is there.

I fear to report that the amendment before us would cost more than $42 billion in round terms, one-quarter of the additional revenues that we seek, and without which we do not have a secure system, without which, Mr. President, we do not have legislation.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. SYMMS. Mr. President, I am pleased to be a cosponsor of the amendment offered by my colleague from Colorado, Senator ARMSTRONG, to eliminate the payroll tax increases in this bill.

While the payroll tax increases scheduled to go into effect in this bill will provide some relief to the social security system in the form of higher revenues, this relief to the system might prove to be temporary. Slower economic growth as a result of the payroll tax increases might aggravate the system's financial burden.

The increase in the payroll tax rates represents an increase in cost to both the employers and employees. The higher cost to employers is an impediment to business spending on both labor and capital inputs. Faced with the higher tax rate per employee hired, it discourages labor employment. Also, the increase in business costs reduces the available funds for business expansion. As a result, growth in investment is slower with the tax rate increase than without it.

The higher cost to employees provokes the leisure/work tradeoff because it will mean that it will be relatively cheaper to engage in nonwork activity than it is to work. More importantly, it encourages early retirement in the face of lower after-tax incomes relative to generous social security benefits.

The slowdown in capital and labor investment with the tax increase is translated into slower output per manhour. Accordingly, overall economic performance is made worse off by the increase in payroll tax rates.

As far as the social security budget is concerned, the slower economic activity with the tax rate increases implies a lower earnings base along with higher unemployment. Therefore, revenues will be lower while the demand for benefit payments will be higher.

Mr. President, while I sincerely respect the efforts of the chairman of the Senate Finance Committee and the efforts of the President's Commission on Social Security Reform to propose and implement a compromise solution to the solvency problems of the OASDI trust fund, I believe the tax increases proposed in this package will do more harm than good.

As everyone knows, we have severe unemployment in several sectors of our economy. Why we are passing legislation which will make that unemployment situation more severe is beyond me. Payroll taxes are a tax on employment and every time you tax something, you will have less of it.

Surely, the senior citizen community does not want to sacrifice the jobs of others just so that all of them can receive cost-of-living adjustments which actually overcompensate them for the increased living expenses they are incurring.

I would encourage all of my colleagues to join Senator ARMSTRONG in supporting his amendment.

I make one point. The President's own economic adviser, Dr. Feldstein, when he was at MIT, took a look at these recommendations and made the point that it might cost as much as 2 million jobs in the United States to raise payroll taxes at this sensitive time of recovery.

So, whether or not my good friend from New York is right, that it will cost $40 billion out of the future income to the trust fund, I think that is a debatable point. If we trigger more unemployment by excessively increasing payroll taxes, where people simply do not hire people because of this massive cost that it now costs on the front end to hire a new employee for a small business that hires most of the people, we may find out we get less money instead of more money.

We need to get people back to work in this country, and I think there are provisions in the bill that will assure the solvency of the trust fund that are built into this legislation with amendments that the Finance Committee has already adopted and that are part of the legislation.

So I think that is the way that we will take care of the solvency of the trust fund.

I urge my colleagues to support the amendment.

I yield back the floor.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, accelerating the OASDI tax rate increases already scheduled under current law is a key part of the financial solvency package put together at such great effort by the National Commission. Dropping this element out of the

package now, or modifying it in a significant way, could cause the compromise to unravel.

Everyone knows that this entire bill represents a series of measures that no one is particularly happy about. The virtue of the package, however, is that every group shares somewhat in the burden of preserving social security, and no one pays an extravagant price out of proportion to the others. If the payroll tax acceleration is eliminated, it just means that some other group will have to take a bigger hit to meet our financing targets.

In any event, we are not talking about new taxes: The acceleration provisions generate more revenues to the trust funds simply by moving up the effective date of the payroll tax rate increase schedule for 1985 to 1984, and part of the increase scheduled for 1990 to 1988. This does, of course, raise the payroll tax burden: But it does so in a gradual and predictable way, in conjunction with major benefit restraints such as the 6-month COLA delay and expanding coverage of social security.

While the payroll tax rate accelerations do raise $40 billion between now and 1990, a significant portion of that is offset: In 1984 employees will get a dollar-for-dollar credit for the rate acceleration, and employers will be able to deduct the increased employer payroll taxes. So the real impact on employers and employees will be considerably less than the gain to the trust funds.

Mr. JEPSEN. Mr. President, I rise in support of the amendment offered by the distinguished Senator from Colorado, (Mr. ARMSTRONG). His leadership and thoughtful debate on the social security issue has been extremely helpful and appreciated. I believe all Senators owe Senator ARMSTRONG a debt of gratitude for his decision to raise some important issues, despite the controversial nature of some of them.

I have been very concerned about the acceleration of tax increases ever since the Commission indicated that it was seriously considering such a proposal. My colleagues will remember that it was not too long ago that social security taxes were raised, constituting the largest single peacetime tax increase in our Nation's history.

Mr. President, whoever said that if you want to get less of something, tax it, surely had the social security tax in mind when the statement was made. If it is the Senate's intention to retard the recovery, stifle employment, and increase the unemployment rolls, then Senators should support the acceleration of the tax rates for social security for surely this will be the result.

Social security taxes are a tax on work. If you work, you pay the tax. Employers pay the tax and employees pay the tax. Consequently, raising the tax increases the cost of having employees.

In addition, because of the fail-safe provisions in the bill, repeal of the tax increases would not increase the likelihood that social security would be in serious financial difficulty in the latter part of this decade. Some adjustments in the cost-of-living adjustments might be necessary, but even then, those at the lowest end of the income scale would not be affected.

I urge my colleagues to join the Senator from Colorado in his efforts. Otherwise, the economic recovery we are all hoping for might never occur.

Mr. MATTINGLY. Mr. President, I rise to support and cosponsor the amendment offered by the Senator from Colorado (Mr. ARMSTRONG). This amendment will simply strip from the proposal the accelerated payroll tax increases, one of the most onerous provisions of the social security package.

I support the Armstrong amendment for a number of reasons. First of all, higher payroll taxes will mean fewer jobs. Second, higher payroll taxes are not fair, because employer and employee contributions are already so high that the average worker is now paying more in social security taxes than in Federal income taxes. Finally, raising payroll taxes on workers means reducing the real income of those whose income has barely kept pace with rising prices. I urge my colleagues to support the amendment offered by the distinguished Senator from Colorado.

Mr. DOLE. Mr. President, did the Senator from Colorado ask for the yeas and nays?

Mr. ARMSTRONG. I have not, but I am glad to ask for them now. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, I shall just take a minute.

If we want a social security package then this amendment has to be defeated.

I do not quarrel with the Senator from Colorado. This is one of the many unpleasant parts of the package.

We have Federal employees circling the Capitol. They do not want to be into the program. We have people who do not want the COLA delay and some who do not want the acceleration of taxes. These are not new taxes but acceleration of existing provisions.

The Senator from Colorado made an outstanding contribution to the Commission. We made a number of changes in our bill through the efforts of the distinguished Senator from Colorado who is not only a member of the Commission but chairman of the Social Security Subcommittee. I would like to know how the Senator would offset the revenue loss of $40 or $42 billion?

Is that a part of the package you are offering?

Mr. ARMSTRONG. Mr. President, if the Senator will yield to me, the information furnished my office indicates that it would be something less than that, but not to quibble over the amount, the Senator knows there is a provision which the Senator from Idaho has referred to in the bill which in effect tailors the cost-of-living adjustments in the future to available revenues.

Now, again, to explore the justice of it, we are projecting at the present time benefit increase cost-of-living adjustment of $259 billion between now and the end of the decade as a result of COLA's. The Commission plan will have a delay savings of only $39 billion.

It is the expectation of my amendment that in the event that the $39 billion in revenue which would be lost as a result of this amendment puts the trust fund in a position where it could not fully meet the COLA the other provision of the bill adopted by the Finance Committee would simply scale back very modestly future COLA increases.

Of course, I recall, as do other Senators, that we have included a hold-harmless provision for those at the lower benefit levels which is by the way one of the most important provisions of the bill so if some additional COLA restraints were required it would be applied only to those who were the best able to withstand such restraint.

Again I point out to the Senator from Kansas and others social security benefits have gone up nearly twice as fast as have the wages and salaries on which payroll taxes are based and at about 50 percent faster than the cost of living.

So if the result were to be some COLA restraint, and I hope it is not, but if it is that would not be unjust or bad policy, in my opinion.

Mr. DOLE. Mr. President, for the reasons stated, I do not quarrel with the Senator. If we could have a perfect package and if he or the Senator from Idaho or someone else could have written the package, we might have avoided any acceleration of taxes, but as a practical matter that does not happen. We did the best we could. The package came out of our committee by a vote of 18 to 1 with this provision. I hope the amendment will be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Colorado.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Alabama (Mr. DENTON), and the Senator from Illinois (Mr. PERCY) are necessarily absent.

I further announce that, if present and voting, the Senator from Alabama (Mr. DENTON) would vote "yea".

Mr. CRANSTON. I announce that the Senator from Missouri (Mr. EAGLETON), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Maryland (Mr. SARBANES), and the Senator from Ohio (Mr. GLENN) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 27, nays 67, as follows:

[Rollcall Vote No. 41 Leg.]

YEAS—27

Armstrong	Heflin	McClure
Boren	Helms	Melcher
Boschwitz	Hollings	Nickles
Cochran	Humphrey	Nunn
East	Jepsen	Quayle
Garn	Johnston	Roth
Goldwater	Kassebaum	Symms
Hatch	Kasten	Trible
Hawkins	Mattingly	Zorinsky

NAYS—67

Abdnor	Exon	Packwood
Andrews	Ford	Pell
Baker	Gorton	Pressler
Baucus	Grassley	Proxmire
Bentsen	Hart	Pryor
Biden	Hatfield	Randolph
Bingaman	Hecht	Riegle
Bradley	Heinz	Rudman
Bumpers	Inouye	Sasser
Burdick	Jackson	Simpson
Byrd	Kennedy	Specter
Chafee	Lautenberg	Stafford
Chiles	Laxalt	Stennis
Cohen	Leahy	Stevens
Cranston	Levin	Thurmond
D'Amato	Long	Tower
Danforth	Lugar	Tsongas
DeConcini	Mathias	Wallop
Dixon	Matsunaga	Warner
Dodd	Metzenbaum	Weicker
Dole	Mitchell	Wilson
Domenici	Moynihan	
Durenberger	Murkowski	

NOT VOTING—6

Denton	Glenn	Percy
Eagleton	Huddleston	Sarbanes

So Mr. ARMSTRONG's amendment (UP No. 108) was rejected.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ARMSTRONG. Mr. President, I ask unanimous consent that the following Senators be added as cosponsors to my last amendment: Senator HUMPHREY, Senator JEPSEN, and Senator HELMS.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, we are moving along rapidly. It is going to take some time, but we are making steady progress.

There is not any set order, but there are Senators who have been waiting 1 day or 2 days, such as Senator HUMPHREY, Senator HAWKINS, Senator BAUCUS, Senator QUAYLE with one amendment which I believe we can agree to, an amendment by Senator MATSUNAGA, and an amendment by Senator LEVIN.

I am not certain, but I think we can have a vote about every 15 or 20 minutes, hopefully.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. HUMPHREY. Mr. President, this Senator would agree to a time agreement of 10 minutes on each side on each amendment and then have an up or down vote, with no point of order being raised against either amendment.

Mr. LONG. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. LONG. Will the Senator yield? I would like to explain my position.

Mr. HUMPHREY. I yield.

Mr. LONG. I do not want to agree to a time agreement until we have a chance to check with our minority leader (Mr. BYRD). I personally have no objection to a time agreement.

The PRESIDING OFFICER. The Senator from Florida.

UP AMENDMENT NO. 109

(Purpose: To move up two years the phase-out of the earnings limitation for beneficiaries who have attained retirement age)

Mrs. HAWKINS. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Florida (Mrs. HAWKINS), for herself, Mr. ABDNOR, Mr. ARMSTRONG, Mr. D'AMATO, Mr. DECONCINI, Mr. GARN, Mr. HECHT, Mr. JEPSEN, Mr. NICKLES, Mr. SYMMS, and Mr. THURMOND, proposes an unprinted amendment numbered 109.

Mrs. HAWKINS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 44, beginning with line 14, strike out through line 6 on page 45 and insert in lieu thereof the following:

"(I) $250 for each month in any taxable year ending after 1987 and before 1989;

"(II) $500 for each month in any taxable year ending after 1988 and before 1990;

"(III) $750 for each month in any taxable year ending after 1989, and before 1991;

"(IV) $1,000 for each month in any taxable year ending after 1990 and before 1992; and

"(V) $1,250 for each month in any taxable year ending after 1991 and before 1993.".

On page 48, line 3, strike out "1994" and insert in lieu thereof "1992".

Mrs. HAWKINS. Mr. President, under the legislation before us today significant steps are recommended to resolve the shortrun and longrun problems facing the OASDI trust funds. However, there is one problem left unresolved that we can help correct today. The problem is age discrimination. Under the bill, anyone between 65 and 70 who chooses to start drawing social security is forced by the Federal Government to make the unfair irrevocable concession never to work again full time.

Current law sets a limit now equal to $6,600 as the maximum amount a social security recipient can earn in wages or salary annually without penalty. In Florida, the average per capita income is $7,200, just a little above the limit. Above the limit, social security checks are reduced by $1 for every $2 earned. This direct penalty alone has the same impact as a 50-percent tax on wages earned above the limit. If you earn $2,200 above the limit, then you will have only $1,000 left after your social security check is reduced.

However, the direct penalty is only a part of the disincentives thrown in the way of those wishing to work again. Right now, social security is not taxed, but wages and salary are. Thus, gaining $2,000 in wages and losing $1,000 in social security is not the same thing to the tax men as receiving an extra $1,000. They treat it as receiving an extra $2,000. That means $140 is removed for social security taxes and at least another $200 is taken for Federal income taxes, probably a lot more. Finally, most States, also have income taxes. Most municipalities and counties do, too. So, take out another $60. When the smoke clears, the net amount received for earning that $2,000 is only $600. That is equivalent to a 70-percent tax rate.

The example I have just given is not one covering a wealthy individual. It is for someone in the lowest tax bracket, someone receiving $4,000 in social security and earning $7,000 in wages for example. They probably also qualify for food stamps.

Equivalent tax rates for earning more than the limit are, therefore, even higher than 70 percent for most people caught in this vicious trap. It can even exceed 100 percent. Under current law, it is possible for a senior citizen to receive a bill instead of a check for earning more than the arbitrary limit. Now, how many people are there that will work knowing that the more they do, the worse off they will be?

Even millionaires get a better deal from the Government. They have to face at most a 50-percent tax rate. Uncle Sam lets them keep at least 50 percent of however much they choose to earn. It is probably a lot higher if they have a tax accountant. Why do we penalize the working old more than we tax the rich? I propose that the earnings limit be raised by $3,000 for 5

years in a row beginning in 1988 and lifted entirely in 1983.

Thus, the limit would be approximately $10,000 in 1988, $13,000 in 1989, $16,000 in 1990, $19,000 in 1991, $22,000 in 1992, with no limit afterward. Assuming inflation remains under control during the 1980's, under my amendment most of the elderly penalized by this misguided policy will be unaffected by it by 1989. Few are likely to earn more than $13,000 in wages and salary in that year. By comparison, under the bill the earnings cap would equal about only $7,000, virtually unchanged from today.

Frankly, in my mind the largest criticism that can be made against my amendment is that it is too cautious. Immediate repeal of the earnings penalty is affordable if one believes the persuasive evidence piling up that economic recovery has begun. That evidence suggests that the II-B forecast is too pessimistic and alternative III represents the pathway anticipated by those who believe the end of the Earth is near.

Consider the unemployment figures used. Under II-B, the unemployment rate for 1983 is forecast at 10.7 percent. And under alternative III, the unemployment rate is 11 percent. Under the old way of calculating unemployment, the rate is already 10.4 percent. Under the new way, it is 10.2 percent. Both are well below the averages used for devising the II-B and III forecasts, and the recovery is just beginning.

Consider the economic growth rates assumed. The II-B projection assumes the economy grows in real terms by only 1.4 percent, and the alternative III projection says we will produce less this year than we did last year. Meanwhile, the administration, which by general agreement was considered to be lowballing its economic growth estimates, assumed a growth rate equal to the II-B forecast. Our own Budget Committee will certainly pick a higher, more realistic number.

Analogous comparisons can be made for other economic variables that are important determinants of OASDI income and outgo. The results of such comparisons are the same.

The II-B forecast is already proving to be too pessimistic, and the alternative III projection implausible. Which, come to think of it, is just what we should expect. The Social Security Administration actuaries make four forecasts. Alternative I is optimistic. Alternative II-A is somewhat optimistic. Alternative II-B is somewhat pessimistic. And alternative III is pessimistic. That means if the actuaries were to make only one forecast, take their best shot, so to speak, they would use assumptions more optimistic than those used in II-B but less optimistic than those used in II-A.

That best guess would permit immediate repeal of the earnings test, as the House voted to do in 1977.

The arbitrariness of any earnings penalty law is even more obvious when one considers that it does not apply if you are older than 70. Why 70? Someone who is 71, 81, or even 91 can earn all they want without penalty. But if you are between the ages of 65 and 70, you have to pay the price. Where is the fairness or logic behind such distinctions?

Frankly, any penalty for working if you are over 65 is inconsistent with raising the retirement age as recommended under the bill before us. You cannot, without being inconsistent, claim that life expectancy has grown, so people should work longer, and then support penalizing working after you turn 65.

The earnings penalty, in addition to being unfair, arbitrary, and inconsistent, also contradicts the firmly held belief that social security payments are an earned right. The public thinks social security is just like a private pension plan or an annuity contract. You pay in for a number of years and at an agreed upon age, you start drawing the benefits you contracted for. After you pay in, you receive. That is the deal, with no strings attached. In fact, if private plans included provisions stating that pension benefits or annuity payments stopped or were reduced when you went back to work, Congress would pass a law outlawing them. However, maybe we would not have to. Who would buy such a poor plan?

Mr. President, the earnings penalty did not become law by accident. It passed during a time when Congress felt it best that those who retired should stay retired, making room for the young to take their jobs. However, how many people feel that way today? Would not our ability to improve the math and science skills of our young be improved if we could entice some of our best retired teachers to come back, full time or part time?

The President asked in his State of the Union Address for retired teachers to come forward and teach our children math and science. They certainly will not if they get a bill instead of a check for coming back to the workingplace.

For many elderly, the decision to return to work is not voluntary. They do not return to work out of choice but out of necessity. Many people who retire quickly feel the financial pinch of living on a fixed income when the prices of life supports are rising faster than the inflation rate. Consider these figures. The cost of electricity has gone up 60 percent faster than the CPI over the last 5 years. The cost of housing and heating your home has gone up 12 percent faster. Cost of food has risen 7 percent faster. Bus fare has gone up 50 percent faster. And gasoline has gone up at twice the rate of the CPI. Telephone rates for local calls are expected to go up three times within 3 years. Water and sewer providers are asking for large increases all over the country.

What happens when the elderly get their electricity turned off when they do not pay their electricity bill? I will tell you what happens. They have to pay twice their monthly consumption in cash. Utility companies will not take a check once you have been cut off for missing a payment.

Should we penalize these people for deciding they cannot afford to retire after all? Instead, they have to keep working just to pay for a minuscule roof over their heads, or to make a telephone call since someone is breaking in their front door, or to have water come out of the faucets in the house they have lived in for 45 years while their property taxes have tripled in less than 5 years?

How about penalizing those who incur enormous medical bills when their spouses suffer from a catastrophic illness that medicare does not cover? The average person who is on medicare has to come up with $721 a person annually just to cover the charges for their health costs that are not covered in medicare. Or how about penalizing someone who gets swindled out of their life savings? You can pick up the paper daily in Florida and read of someone who just gave $10,000 or $15,000 of their life savings on some flimflam game that went on in a back parking lot. With a little imagination, I am sure my colleagues will come up with some other examples.

The point is simple. Most people want to retire as soon as possible. They look forward eagerly to the day when they can afford to do so. Unfortunately, inflation or a serious financial mishap forces some of them back into a job. We should not make the last years of their lives such a hardship by what we do in Congress.

I suspect it was for some of the reasons I have outlined today that the administration proposed phasing out the earnings penalty in 1983 when they sent a plan to do so to Congress in May 1981. I commend the Finance Committee for agreeing to eliminate the earnings penalty in 1995 as proposed by this bill.

However, I believe we can do better than wait until 1995. While there are a variety of ways to accelerate the elimination of the penalty, I believe the least controversial way is to increase the 5-year phaseout schedule recommended by the Finance Committee by 2 years. Instead of phasing out the penalty over 5 years beginning in 1990, I propose starting in 1988.

There should be no question we can afford my amendment if we believe

the charts we have been shown and the study we have read prepared by the Social Security Administration. Starting in 1988 under virtually any conceivable economic conditions, OASDI will run a string of annual surpluses well into the 21st century. At year end in 1988, OASDI under the moderately pessimistic II-B forecast will have a checkbook balance of $57 billion according to the Social Security Administration. In 1989, the balance will grow to $89 billion. And the 1990's will be even better; positive cash flow is expected to exceed $400 billion in that decade alone. If the doom and gloom III forecast is used, then the 1988 and 1989 year-end figures are $13 billion and $23 billion. However, even under alternative III, OASDI will start to run annual surpluses in 1988, the year I propose to phase out the earnings test. And they will continue throughout the 1990's and beyond. By comparison, my amendment costs OASDI $800 million in 1988 and $1.3 billion in 1990. That means it costs less than 1 percent of 1 percent of taxable payroll. Even this modest amount is an overstatement if you believe the studies that were presented before comprehensive hearings held by the House Subcommittee on Retirement Income and Employment, during the 96th Congress, 1980.

The studies showed that if the limit were removed people would go back to work, and thereby return up to 85 percent of the cost for repealing the test in the form higher income and social security taxes. This administration campaigned as did many Senators—that together we were going to reward work, and now we have said we are going to penalize you if you are between 65 and 70 and choose to do so. Someday soon, perhaps sooner than we think, for this reason many of us will be called upon to answer why we did not fight to eliminate immediately, instead of starting in 1988 age discrimination against the elderly forced for financial reasons back to work. I wonder how presuasive our answer will be that we decided to look away and wait until 1995 before justice was done.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, I thank the distinguished Senator from Florida for offering the amendment. I only wish we could accept it. And I only wish I was as optimistic as even the assumptions cited by the distinguished Senator from Florida. But I think we have to be realistic. This is going to take about $2.3 billion out of the trust fund. When we were finally trying to put all this together in the Senate Finance Committee, we ended up with about four areas we wanted to address, and one was the area just addressed by the Senator from Florida. The other was the so-called bend points, another was increasing the retirement age to 66, and the other was the day care, child care credit just discussed by the distinguished Senator from Colorado (Mr. ARMSTRONG).

Now, it is not that we did not want to do more. It is that we had certain guidelines to follow, and it seemed to us that we had gone about as far as we could go with reference to this particular issue.

We do begin the phaseout in 1990. I would like it to begin immediately. In fact, the Senator from Kansas coauthored, with the Senator from Arizona, the earlier action in this area. I am not certain what year it was now but it was 4 or 5 years ago.

Under the committee bill, the retirement earnings test for people 65 and older will be phased out between 1990 and 1995. Each year the exempt amount of earnings would rise by $3,000 and the test would be completely eliminated in 1995. The phaseout of the retirement test is an important change in social security that I have long endorsed. Under present law there are strong disincentives for older Americans to continue to work. The problem with phasing out the test and, indeed, the problem with this amendment is that it costs money. I must say that a lot of amendments are going to be coming up now. They all cost money. And we are hanging on by a thread. We are trying to keep the package intact and everybody is coming along now with an amendment that is $500 million or $700 million or $2.3 billion.

That may not seem like a lot in the social security package, but we have to raise about $165 billion between now and 1990, and every billion dollars we lose, or $2.3 billion we lose out of the trust fund must be made up somewhere else. We just had an amendment that would have taken $40 billion out of the trust fund.

Mr. MOYNIHAN. Mr. President, may we have order. The manager of the legislation is speaking.

Mr. DOLE. I thank the Senator from New York.

I really believe that if in fact we are going to have these big surpluses, and Congress is going to meet in 1984, 1985, 1986, and 1987, then it would certainly be appropriate for the Senator from Florida to offer the amendment and I would join her in that amendment, assuming we are both here in 1987 or whenever that time comes.

Mr. President, we have thought about taking the amendment. We tried to find out some way we could squeeze it into the package, but it seems to me that finally the botton line is: Can we take it? Do we have the money to take it? The answer is no. Therefore, I would hope we would reject the amendment.

Mr. D'AMATO. Mr. President, I support the amendment offered by the distinguished junior Senator from Florida. Last Congress, I supported Senator GOLDWATER's bill to immediately repeal the so-called retirement test. While I am pleased that this bill contains a phaseout of the retirement test beginning in 1990, I believe we must act to accelerate that phaseout to the earliest date which can be achieved.

Accordingly, I support this amendment to accelerate the phaseout of the retirement test to 1988. If the old age and survivors insurance trust fund were restored to health earlier in the decade, I would support an even earlier repeal. Since, however, the trust fund will begin running a surplus only in 1988, that appears to be the wisest point to begin the phaseout.

Under current law, anyone receiving social security retirement benefits who has not attained 70 years of age has $1 of benefits withheld for every $2 earned above a $6,600 threshold. This provision was intended to encourage people to retire.

It also imposes a great financial penalty on those who choose to continue to work. It is fashionable now to argue against the high marginal tax rates inherent in some aspects of this bill. Rather than following that line of argument, I want to address the practical impact the earnings test has on our aged citizens who are still productive and who desire to continue contributing to society.

The existence of the retirement test has the intended effect—it persuades people to retire. Self-employed individuals, particularly people who own small businesses, face the choice of quitting work so they can receive tax-free social security benefits, or continuing to work, paying both income and self-employment taxes on their income, and having their social security benefits reduced or withheld entirely. In many cases, this forces people to decide to close their businesses.

When a small business closes its doors or a self-employed professional retires from his or her profession, a whole community is affected. In a city, customers or clients can make an adjustment, usually without great inconvenience. In small towns, however, the forced early retirement of people who may be providing vital services to their neighbors can create a much more difficult situation. With luck, someone else will be available to carry on the business or provide the service. More often, the lives of people who depend on that business or those services are seriously disrupted. That is only one

part of the human cost the retirement test imposes.

Many people who are the owners of small businesses or who are self-employed have put their whole lives into their businesses. Those who are most affected by the retirement test are likely to be those who do not derive anything more than a decent living from their business efforts. They are likely to have operated their businesses themselves, with the aid of family members and very few employees. If financial considerations force them to consider early retirement, they form a group which is particularly susceptible to sudden death shortly after retirement, from stroke, heart attack, or other natural causes.

By supporting this amendment, we can end the retirement test 2 years sooner. We can preserve businesses which provide vital services to communities. We can provide the opportunity for productive, creative people to continue to contribute to society. I believe these are worthy goals.

This amendment is estimated to cost $2.3 billion more than the provision presently in the bill, as a result of advancing the phaseout date from 1990 to 1988. In fact, the trust fund is expected to run a $57 billion surplus during those 2 years; so this is an amendment we can well afford.

I commend the junior Senator from Florida for offering this amendment. I urge my colleagues to support this amendment.

● Mr. LEVIN. Mr. President, I reluctantly vote against the amendment offered by the Senator from Florida to accelerate the phaseout of the earnings limitation on social security recipients. Under current law, this limitation is $6,600. Income earned above this amount results in social security benefits being reduced by $1 for every $2 that are earned.

The committee has proposed phasing this limitation out by 1995. The amendment being offered would phase it out by 1993. I believe that we should phase out or raise the earnings limitations so it is at least high enough to allow an individual to earn an income which can supplement their social security benefits, and, thereby provide the necessities of life. But early total removal of the limitations may weaken the solvency of the system.

While I can support the phaseout by 1995 it has been carefully crafted to avoid any additional reduction of social security benefits to pay for it.

We had best leave it that way.●

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, there is nothing I would add to the remarks of the distinguished Senator from Kansas except our appreciation to the Senator from Florida for drawing the attention of the Senate to the fact that it may well be, if fortune smiles, that we could afford this toward the end of the decade. We do not think we can.

As time goes by, if it turns out we can, the amendment can be offered and, as the Senator from Kansas said, he will support it, and I will support it. But for the moment we have very little keel room in this legislation, and a billion here and a billion there, as somebody once said in this Chamber, and pretty soon you are talking about real money. And it is real money we are trying to raise. I would ask Senators on both sides if they could stay with the Finance Committee's measure in this regard. It is made up of small items. If we start taking small items out, we do not know where we will be.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, I hope the Senator from Florida and the managers of the bill will let me intervene just for a moment to bring in the conference report on the jobs bill.

Before I do that, however, may I say that I do not intend to call up the conference report now. However, after the Hawkins amendment is disposed of, it is my intention to ask the Senate to turn to the consideration of this measure.

Mr. President, once again, after the Hawkins amendment is dealt with, it is the intention of the leadership to ask the Senate to turn to the consideration of the conference report, which is privileged. It is hoped that it will not take an unduly long time to finish consideration of this measure, and then we will return to the social security package.

I express, once again, our hope that we can finish both the conference report and the social security package tonight.

Mr. President, I yield the floor.

MESSAGE FROM THE HOUSE

At 7:56 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1718) making appropriations to provide emergency expenditures to meet neglected urgent needs, to protect and add to the national wealth, resulting in not makework but productive jobs for women and men and to help provide for the indigent and homeless, and for other purposes; it recedes from its disagreement to the amendments of the Senate numbered 10, 12, 19, 26, 44, 54, 60, 74, 75, 77, 81, and 83 to the bill, and has agreed thereto; it recedes from its disagreement to the amendments of the Senate numbered 1, 2, 9, 16, 21, 22, 27, 28, 64, 71, 76, 79, 88, 89, 90, 91, 92, 97, and 98 to the bill, and has agreed thereto, each with an amendment, in which it requests the concurrence of the Senate, and it insists upon its disagreement to the amendment of the Senate numbered 82 to the bill.

The message also announced that the House has passed the following bill, without amendment:

S. 366. An act to settle certain claims of the Mashantucket Pequot Indians.

The message further announced that pursuant to the provisions of section 1, Public Law 86-420, as amended, the Speaker appoints as members of the U.S. Delegation of the Mexico-United States Interparliamentary Group for the 1st session of the 98th Congress the following Members on the part of the House: Mr. DE LA GARZA, chairman, Mr. YATRON, vice chairman, Mr. KAZEN, Mr. SKELTON, Mr. KOGOVSEK, Mr. ALEXANDER, Mr. BARNES, Mr. LAGOMARSINO, Mr. RUDD, Mr. GOODLING, Mr. DREIER of California, and Mr. BEREUTER.

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, in accordance with 22 U.S.C. 1928(a)-1928(b), as amended, appoints the Senator from Delaware (Mr. BIDEN) vice chairman of the Senate delegation to the North Atlantic Assembly during the 98th Congress, the Senator from Rhode Island (Mr. PELL), resigning.

SOCIAL SECURITY ACT AMENDMENTS OF 1983

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The question is on the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. STEVENS. I announce that the Senator from Alabama (Mr. DENTON), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Illinois (Mr. PERCY) are necessarily absent.

I further announce that, if present and voting, the Senator from Alabama (Mr. DENTON) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Maryland (Mr. SARBANES) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 44, nays 49, as follows:

[Rollcall Vote No. 42 Leg.]

YEAS—44

Abdnor	Glenn	Mitchell
Armstrong	Hatch	Nickles
Biden	Hawkins	Nunn
Bingaman	Hecht	Pell
Boren	Heflin	Pressler
Boschwitz	Helms	Pryor
Burdick	Hollings	Quayle
Byrd	Humphrey	Randolph
Chiles	Jepsen	Riegle
Cohen	Kasten	Symms
D'Amato	Leahy	Thurmond
DeConcini	Mathias	Trible
East	Mattingly	Warner
Ford	McClure	Zorinsky
Garn	Melcher	

NAYS—49

Andrews	Hart	Packwood
Baker	Hatfield	Proxmire
Baucus	Heinz	Roth
Bradley	Inouye	Rudman
Bumpers	Jackson	Sasser
Chafee	Johnston	Simpson
Cochran	Kassebaum	Specter
Cranston	Kennedy	Stafford
Danforth	Lautenberg	Stennis
Dixon	Laxalt	Stevens
Dodd	Levin	Tower
Dole	Long	Tsongas
Domenici	Lugar	Wallop
Eagleton	Matsunaga	Weicker
Exon	Metzenbaum	Wilson
Gorton	Moynihan	
Grassley	Murkowski	

NOT VOTING—7

Bentsen	Goldwater	Sarbanes
Denton	Huddleston	
Durenberger	Percy	

So Mrs. Hawkins' amendment (UP No. 109) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I indicated earlier that as soon as we finished this vote we would go to the conference report. The chairman of the committee, the manager of the conference report on this side, needs a little more time to examine the nature of an amendment sent to us on one of the items in disagreement with the House.

I understand Senator DOLE and Senator QUAYLE are prepared to proceed now on another amendment to the social security package which will not require a rollcall vote. I hope the managers will agree to do that while I consult with the chairman of the Appropriations Committee and arrange for us to proceed to the conference report.

UP AMENDMENT NO. 110, AS MODIFIED

(Purpose: To allow dislocated workers to withdraw contributions to IRA's)

Mr. QUAYLE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Indiana (Mr. QUAYLE) proposes an unprinted amendment numbered 110.

Mr. QUAYLE. Mr. President, I ask unanimous consent to withdraw that amendment and submit this amendment, which is a revised amendment, in accordance with an agreement that has been worked out.

The PRESIDING OFFICER. The amendment is so modified. The clerk will report.

The bill clerk read as follows:

The Senator from Indiana (Mr. QUAYLE) proposes an unprinted amendment numbered 110, as modified.

Mr. QUAYLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, as modified, is as follows:

At the end of title IV add the following new section:

SPECIAL PROVISIONS FOR DISLOCATED WORKERS WITH RESPECT TO INDIVIDUAL RETIREMENT ACCOUNTS

SEC. 423. (a) Notwithstanding any other provision of the Internal Revenue Code of 1954, a dislocated worker having documentation issued by the Secretary under this section, may withdraw contributions to, and interest on, an individual retirement account established in accordance with the provisions of section 408 of the Internal Revenue Code of 1954, without incurring the tax penalty under section 408(f) of the Internal Revenue Code of 1954.

(b) For purposes of subsection (a), an individual is a dislocated worker if such individual—

(1) has at least twenty quarters of coverage under title II of the Social Security Act; and

(2) has received regular unemployment compensation under State law within the preceding 12-month period, and has exhausted all rights to such compensation in his most recent benefit year.

(c) The Secretary shall provide for the issuance of documentation to individuals identified as dislocated workers.

Mr. QUAYLE. Mr. President, I am sending to the desk an amendment which will permit the long-term unemployed to withdraw their contributions to individual retirement accounts without incurring a tax penalty.

We all know that this Nation faces a large problem of workers who have been and who will continue to be permanently dislocated from their current employment. These workers must gain new skills before they can reenter the productive mainstream of the American economy. It seems to me just a matter of commonsense to let workers withdraw their IRA contributions without penalty when they are faced with the need to make a fundamental change in their working career. There is no sense in having funds locked up in a long-term savings account when the workers' needs are immediate and now. IRA withdrawals are already permitted for the handicapped. This amendment permits withdrawals for those who have, in fact, been handicapped by the changes in our economy.

Mr. President, this amendment is very direct and very simple. It involves the individual retirement accounts and forbears the tax penalty for withdrawal to those who are dislocated workers.

This amendment, I am pleased to report, does have the support of the Treasury. It has been slightly modified, I might point out, from the version that was printed in the RECORD on March 16 in order to achieve a greater administrative simplicity.

Basically what it does is just to allow a withdrawal without penalty from an IRA account for those people who are dislocated workers and seeking employment.

Mr. DOLE. Mr. President, I understand from the Senator from Indiana that the Treasury does support this amendment. As I understand what it permits is if somebody is dislocated they can—it is similar to the situation with respect to the disabled. They can withdraw from the IRA without penalty. Is that the essence of the amendment?

Mr. QUAYLE. That is the essence. That is correct.

Mr. DOLE. Does the Senator have a revenue cost estimate?

Mr. QUAYLE. Obviously in fiscal year 1983 there will not be any because they would not be paying the penalty until the following year, so any kind of revenue loss would not be in fiscal 1983 but in fiscal 1984.

Mr. DOLE. Has the Senator talked to the distinguished Senator from Louisiana about this amendment?

Mr. QUAYLE. We have had from the minority side for a considerable amount of time no opposition. This is really not a noncontroversial amendment. I am going to get to one. So it has been over there with the Senator's staff for clearance, and we have had no objection to it.

Mr. PRYOR. Mr. President, I might say to the distinguished Senator from Indiana, I was filling in for the Senator from Louisiana (Mr. LONG). I wonder if we could have an accommodation until he gives his acceptance or possible disapproval of this, and so I wonder if we might lay this aside temporarily until the Senator from Louisiana returns?

Mr. DOLE. I think that is a good suggestion. I wonder if we might not temporily set this aside until we check with Senator LONG.

You have an amendment that has been cleared with Senator LONG, the one you discussed with him?

Mr. QUAYLE. I have discussed the voucher amendment with Senator LONG, I have not yet had clearance with him. I thought I would wait for clearance.

I was under the impression there would not be any problem with two of

the amendments, but I would be glad to accommodate the minority on this. It has been printed in the RECORD, it has been well established for a couple of days, and I have heard no objection. As a matter of fact, one day we had accommodations we had made in response to a number of people who have seen this and commented on it.

Again, it is just foregoing a penalty on withdrawal from IRA accounts of dislocated workers. I can hardly imagine that that is going to be a hugely controversial issue. We are talking about the Federal supplemental compensation authorization and unemployment compensation. This would certainly be a way, without having any drain on the Treasury, to provide some comfort for people that are dislocated and find themselves in a very unfortunate circumstance.

I will be very surprised if, in fact, there is any opposition. But I would be willing to accommodate the minority in any fashion that the manager of the bill sees fit.

Mr. PRYOR. Mr. President, once again, in regard to the amendment of the Senator from Indiana, I certainly cannot speak for our side on this particular issue. I would like to ask, respectfully, if the Senator from Indiana would temporarily set aside the amendment until our side has had an opportunity to examine the amendment.

Mr. QUAYLE. Mr. President, I ask unanimous consent that this amendment be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 111

(Purpose: To provide that FSC shall not be denied to an individual in training)

Mr. QUAYLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

On page 234, after line 23, insert the following:

TRAINING

SEC. 404. Section 602 of the Federal Supplemental Compensation Act of 1982 is amended by adding at the end thereof the following new subsection:

"(g) The payment of Federal supplemental compensation shall not be denied to any recipient (who submits documentation prescribed by the Secretary) for any week because the recipient is in training or attending an accredited educational institution on a substantially full-time basis, or because of the application of State law to any such recipient relating to the availability for work, the active search for work, or the refusal to accept work on account of such training or attendance, unless the State agency determines that such training or attendance will not improve the opportunities for employment of the recipient.".

Mr. QUAYLE. Mr. President, this amendment deals with the Federal supplemental compensation benefits and allows a different procedure for whether an individual may be available for work.

Under present law, these beneficiaries are disqualified from benefits unless their retraining has been previously approved by the State employment security agency. As a matter of record, these agencies have rarely approved training courses unless the agency has itself arranged for the training.

Under my amendment beneficiaries would not be disqualified from benefits if they took training unless the State agency determined that the training would not improve the beneficiary's prospect of employment.

So we are reversing the process on determining whether an individual would be available for work. The emphasis is to try to get individuals to seek training instead of waiting.

At the request of the Department of Labor, I have included some modifications from my original amendment in order to prevent potential misuse of this provision. First, I have provided that the beneficiary, the person receiving unemployment compensation, must submit appropriate documentation, as will be prescribed by the Secretary, concerning his retraining so that the State agency will have adequate evidence on which to base its determination. Second, I have made the provision applicable only to retraining that is taken on a substantially full-time basis to prevent the possibility of someone being excluded from job search requirements just because he is taking training for 1 hour a week.

With these modifications, I understand that this amendment will be acceptable. Let me summarize. What we are doing is putting the burden on the employment security agency to determine that he is not receiving or she is not receiving adequate training. Right now the procedure is very cumbersome. Individuals find it very difficult at times, because of the administrative hurdles placed before them, to get certified that they are trying to receive training to enhance one's skills and, therefore, enhance one's employability.

I believe this amendment certainly is a step in the right direction. The employment security agency sees that the individuals are taking advantage of it or they do not provide proper certification, then, in fact, they would not be available for work and, therefore, they could not go ahead and seek this training.

Mr. President, I just want to emphasize one point. This amendment goes to what is going to be the second phase of the jobs bill. Later on tonight we are going to be debating the jobs bill. A number of people that supported that, including the Senator from Indiana, did that because it is a short-term solution. It is not a long-term solution. The Federal unemployment compensation is in there. It is a matter of dire necessity for every State, including my own, that we pass that.

But, beyond that, the real jobs legislation is not, first of all, going to mean economic recovery. Second, and this is the challenge that we have, how are we going to train and retrain our surplus labor in this country? How are we going to take those individuals that have been dislocated and displaced and match them up with future jobs? How are we going to take somebody that has been employed for a number of years and develop new skills and, therefore, new opportunities?

What this amendment does is to say: "Look, what we are going to do is encourage training and we are not going to deny benefits to somebody that is seeking proper training and trying to get ahead in life and to move a step forward."

It is not going to be open-ended because there is going to have to be certification. Just like under the GI program, certain certifications that if you were taking courses, to go ahead and you would be eligible for the GI program. This is the same requirement.

Once the individual shows that he or she is receiving training, then they are going to continue to get those unemployment benefits unless the agency determines that it is not going to enhance their employability.

I imagine, in most cases, they would not make that determination and, therefore, there would be a positive incentive and reward for those people to go out and to have training and there would not be a punitive liability or a disadvantage to those individuals where they would say, "Oh, no, you can receive training if you are going to continue to get your unemployment compensation."

Let us face it, if they can go ahead and receive that unemployment compensation and receive that training, they are going to be better off and the Nation is, too. So I hope that there will not be any dissent on this amendment.

It just reverses the present process. It has been printed in the RECORD. It has been discussed at the staff level. It has the administration's support and it should have the support of the entire Senate.

Mr. DOMENICI. Will the Senator yield for a question?

Mr. QUAYLE. I am glad to yield to my distinguished chairman.

Mr. DOMENICI. Mr. President, first, I wish to compliment the Senator for the amendment. I think it is an excellent one.

Who will make the determination as to whether or not the training or retraining enhances one's employability? Let me tell the Senator why I ask that

question. I have a pocket of unemployment attributable to copper mining. I have been down there a couple of times meeting with the working people. They told me that they are attempting to go to school there at the regional university and take the vocational course and that somebody at the State level made the determination that they qualified if they were learning to be a plumber but they did not qualify for unemployment if they were learning to be a carpenter. Will the amendment of the Senator change any burden of proof there?

Mr. QUAYLE. It certainly does. It changes the process, because under the current process your employment security agency sets up all of this criteria and then they have to fall into a certain category.

Under this amendment, the presumption, so to speak—and we will have to wait and see exactly how it will be carried out with the Secretary—the presumption is if they are certified and receive training, they are also certifying that they are going to elevate one's skills. There was a potential abuse we corrected.

Someone would say that maybe they will be able to certify they are only getting 1 hour a week and, therefore, that would not be right. So we put in substantially full-time employment; in other words, it has to be a basically full-time training that they are seeking. Therefore, once the employee or the recipient or beneficiary determines that they are going to enhance their employability, the burden of proof is now on the Department to say, "No, they are not."

Right now the Department can come up with arbitrary standards, as they have done in the Senator's State of New Mexico, and say if you do not do this you do not qualify. It simply reverses the process and reverses the presumption.

Mr. DOMENICI. I compliment the Senator. I ask him if I may be added as a cosponsor.

Mr. QUAYLE. Mr. President, I ask unanimous consent that the Senator from New Mexico (Mr. DOMENICI) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. I thank the Senator.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, again, we are waiting for the distinguished Senator from Louisana (Mr. LONG) to come to the floor so he will have a chance to examine the amendment.

As I understand, the amendment has been modified, but it is still hard to determine that somebody is looking for work if they are in a training program.

I do not have any real objection, but I think it can be tightened up some more and we can do that in conference. However, I would want the distinguished Senator from Louisiana to clear the amendment.

The amendment that troubles me is the one the Senator has not offered yet. The more I heard about it, the less enthusiastic I am about the voucher. I would hope the Senator would not press that amendment. It is the same thing we have had hearings on, or essentially the same thing we have had hearings on, in the Finance Committee.

As I understand, there are still a number of questions to be resolved, and I would hope that we might delay that amendment for another time.

Mr. QUAYLE. Will the Senator yield?

Mr. DOLE. The Senator has not offered the amendment yet, but I understand he may do so. I just want to indicate I have no objection to the first two amendments. I feel after discussing the third amendment and learning more about it, I would prefer not to have to address that at this time.

The Senator is certainly at liberty to offer it.

Mr. QUAYLE. Let me tell the Senator that when we started out with the voucher proposal, there were a lot of people we had been working with who expressed the same concerns as the Senator from Kansas, that maybe we should not be doing that at this particular time, or they had certain questions on the amendment.

After working with particularly a number of people in the administration this past week and this week, the Department of Labor, the Department of the Treasury, and OMB have basically signed off on this amendment and they are now supporting it.

I would hope that we might be able to get the chairman of the Finance Committee, which has jurisdiction over this matter, as well as the Labor and Human Resources Committee, to work this out. Maybe as time goes on the Senator from Kansas might like this amendment that I would like to offer later on. It does have the support of the administration. I think it is a good amendment. Nobody really knows how these vouchers are going to work.

This is an extension of the Federal supplemental compensation. This is a good place to offer it. There may be some debate on it, and there may be some questions that we could answer. We have taken a considerable amount of time and contacted a lot of people who had a lot of reservations to begin with. We have made a lot of accommodations on it and believe it is really a good amendment.

Mr. DOLE. As I say, I just happened to focus on it, and it may not be fair to the Senator to say that because I have really not had a chance to examine it.

I would hope, as a matter of fact, that the Senator would not offer it at this time and that we would temporarily set aside the other two amendments until the Senator from Louisiana comes to the floor. I do not see any problem with those two.

Mr. QUAYLE. I appreciate the Senator's comments. The other two amendments were definitely not controversial, and this one should not be too controverisal. It may become a little controversial as we go on. I will certainly accommodate the chairman on that and work with him. I will also work with the ranking minority member as the evening goes on. We have the jobs legislation to pass yet tonight. Maybe by tomorrow we can get this worked out.

UP AMENDMENT NO. 112

I might say I do have an amendment which I believe has been worked out on all sides on section 1122. What I will do is offer that one, which I believe we have everyone signed off on, and then we can set those three aside as they are noncontroversial. Then when the Senator from Louisiana returns, we can perhaps accept those three en bloc.

Mr. DOLE. Mr. President, will the Senator describe the amendment which has been cleared all the way around?

Mr. QUAYLE. The amendment on section 1122 basically provides that on section 1122 hospital construction of over $600,000 they simply submit for review to the section 1122 agency or to the State planning agency. My original preference was to have an actual approval of the submission, but that received strong objections from a number of people.

What we are doing is simply submitting it for review.

I think everybody knows there is a tremendous question on health care costs. This issue is one which has been debated before. It is one that will continue to be controversial.

Under this amendment, which I believe has been worked out to the satisfaction of everybody, it is not going to be that noncontroversial. It is going to be simply amending section 1122 to provide for submission of the construction costs and capital expenditures of hospitals to either the section 1122 agency or the State planning agency.

I believe that amendment has been cleared, from what I have been told. If not, we will have to go back to work a little bit more, or we will just bring it up and debate it later sometime.

Mr. DOLE. The Senator from Kansas certainly has no objection. It may have been cleared at the staff level, but we do have to consult with the distinguished Senator from Louisiana. I do not see any problem at all with the third amendment offered. If it is satisfactory with the Senator, we

will set aside the three amendments and take up another noncontroversial amendment by the Senator from Montana.

UP AMENDMENT NO. 112

(Purpose: To make changes in the provisions of section 1122 of the Social Security Act relating to capital expenditures and planning)

Mr. QUAYLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. WILSON). The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Indiana (Mr. QUAYLE) proposes an unprinted amendment numbered 112.

Mr. QUAYLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of title III add the following new section:

SECTION 1122 AMENDMENTS

SEC. 308. (a) Section 1122(C) of the Social Security Act is amended by striking out "the Federal Hospital Insurance Trust Fund" and inserting "the general fund in the Treasury".

(b) Sections 1122(g) and 1861(z)(2) of such Act are each amended by striking out "$100,000" and inserting in lieu thereof in each instance "$600,000".

(c) Section 1122 of such Act is amended by adding at the end thereof the following:

"(j) A capital expenditure made by or on behalf of a health care facility shall not be subject to review pursuant to this section if 75 percent of the patients who can reasonably be expected to use the service with respect to which the capital expenditure is made will be individuals enrolled in an eligible organization as defined in section 1876(b), and if the Secretary determines that such capital expenditure is for services and facilities which are needed by such organization in order to operate efficiently and economically and which are not otherwise readily accessible to such organization.".

(c) Section 1861(z)(2) of such Act is amended by inserting "(A)" after "(z)" and by adding at the end thereof the following new subparagraph:

"(B) provides that such plan is submitted to the agency designated under section 1122(b), or if no such agency is designated, to the appropriate health planning agency in the State (but this subparagraph shall not apply in the case of a facility exempt from review under section 1122 by reason of section 1122(j));".

(d) The amendments made by this section shall apply only with respect to cost reporting periods beginning prior to October 1, 1986.

Mr. DOLE. Mr. President, I understand this is the amendment which the Senator from Indiana has just explained.

Mr. QUAYLE. Yes, and I have a further statement.

Mr. President, by the administration's own admission, there is a little more that needs to be done with regard to their medicare prospective payment legislation before it can really begin to make a dent on the rising cost of health care.

I believe that the proposed "pass through" for capital expenditures under the prospective payment proposal will stimulate unnecessary capital expenditures and defeat the cost containment objectives of the proposal. We must act carefully if we are to discourage capital expansion that has not demonstrated it is needed.

Medicare prospective payment offers an alternative to our present cost-based system, which has not provided incentives to hospitals to be efficient. Clearly, changes are needed in the way we pay for health care. While moving forward on a prospective payment system for hospitals is a step in the right direction, we should not take that step without attempting to link prospective payment systems with systems for restraining unnecessary capital expenditures.

As long as capital expenditures are passed through, there is the potential for the pass-through becoming a flood. Passing through capital costs will continue to inflate hospital costs because new capital expenditures will result in increased supply, utilization and cost. It is known that for every dollar invested in capital, it generates a 30-cent increase per annum in operating costs.

Not only does the current proposal allow for the unrestrained flow-thru of capital costs, it in fact will stimulate an already expensive component of health care cost escalation by encouraging hospitals to make new capital expenditures as quickly as possible. The administration is quite clear in stating that capital costs will eventually be included in prospective rates. Combined with the current pass through, it is an open invitation to invest now and build up a base of reimbursable debt before limits are placed on capital costs.

While I strongly support and recognize legitimate needs for capital expenditures, I also believe that a system which passes through new costs without checks and balances will pay for unneeded capital growth in the future. At a time in our Nation when funds are scarce, and in an industry that is volatile in its inflationary spiral, new capital expenditures should not be paid unless they have been carefully reviewed by the State to determine the need for, and affordability of, the proposed expenditures.

For this reason, I intend to offer an amendment to that portion of the social security bill that addresses the medicare prospective payment proposal.

My amendment will do several things: It will require hospitals to submit their 3-year capital expenditure plan to either a designated State planning or section 1122 agency.

My amendment will also raise the threshold in the current 1122 legislation from $100,000 to $600,000—expected expenditures over $600,000 will trigger the need for submission of the capital expenditure plan. In addition, section 1122C is amended to prevent medicare funds from being used to pay for any cost that the State may incur from implementation of 1122, rather the funds would be made available from the general revenues.

It is my feeling that these steps will insure that the States can continue to monitor the capital expenditures planned for their communities, and it is hoped the States will not approve those that are unnecessary.

Mr. President, I ask unanimous consent that the amendment be temporarily set aside with the other two Quayle amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 113

(Purpose: To modify certain provisions relating to the establishment of the Commission of independent experts)

Mr. BAUCUS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Montana (Mr. BAUCUS) proposes an unprinted amendment numbered 113.

Mr. BAUCUS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 137, line 1, strike out ", at least every five years" and insert in lieu thereof "from time to time, and at least every three years".

On page 137, line 6, strike out "adjustments to be made" and insert in lieu thereof "the need for adjustments".

On page 142, line 15, strike out "Commission of independent experts," and insert in lieu thereof "Prospective Payment Assessment Commission, composed of independent experts".

On page 142, line 17, strike out "to review" and insert in lieu thereof a comma and "which Commission, in addition to carrying out its functions under subsection (d)(4)(D), shall review".

On page 144, line 25, strike out "and" the first place it appears.

On page 145, line 1, strike out the period and insert in lieu thereof a comma and "and individuals having expertise in the research and development of technological and scientific advances in health care.".

On page 145, line 9, strike out "and".

On page 145, line 10, strike out "(iii)" and insert in lieu thereof "(iv)".

On page 145, between lines 9 and 10, insert the following new matter:

"(iii) national organizations representing manufacturers of health care products; and

On page 148, line 15, strike out "and".

On page 148, line 19, strike out the period and insert in lieu thereof a semicolon and "and".

On page 148, between lines 19 and 20, insert the following new matter:

"(iii) adopt procedures allowing any interested party to submit information with respect to medical and surgical procedures and services (including new practices, such as the use of new technologies and treatment modalities), which information the Commission shall consider in making reports and recommendations to the Secretary and the Congress.

Mr. BAUCUS. Mr. President, this is a technical amendment in fact, not in theory. It has been cleared all around. It is a clean amendment.

Essentially, it establishes in the medicare portions of the bill two minor changes in that portion of the bill which deals with the prospective payment assessment commission. In the bill, that commission is established to make sure that the DRG's and the beneficiary payments are adequate, neither excessive nor insufficient.

These two amendments are simple. One is to make sure that the DRG's are reevaluated every 3 years instead of every 5 years, and, second, to make sure the commission can draw on other groups in its membership.

That is what it is. It is clear. I thank the chairman for letting me introduce my amendment.

Mr. DOLE. Mr. President, I can state in this case that the amendment has been cleared. It is technical in nature. I think it is an improvement. I am prepared to accept the amendment. There is no objection on the other side.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 113) was agreed to.

Mr. DOLE. I move to reconsider the vote by which the amendment was agreed to.

Mr. BAUCUS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 114

(Purpose: To require appropriations with respect to certain provisions of sections 143, 144, and 145)

Mr. HATFIELD. Mr. President, I send an amendment to the desk on behalf of Senator STENNIS of Mississippi and myself and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the Quayle amendment is laid aside.

The amendment of the Senator from Oregon will be stated.

The assistant legislative clerk read as follows:

The Senator from Oregon (Mr. HATFIELD) for himself and Mr. STENNIS, proposes an unprinted amendment numbered 114.

Mr. HATFIELD. Mr. President, I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 85, line 5, before the period insert ", to the extent provided in advance in appropriation Acts".

On page 85, line 13, before the period insert ", to the extent provided in advance in appropriation Acts".

On page 85, lines 16 through 19, strike out "There are hereby appropriated into such Trust Funds such sums as may be necessary to reimburse such Trust Funds for the amount of currently unnegotiated benefit checks.".

On page 87, lines 4 and 5, strike out "of the enactment of the Social Security Amendments of 1983" and insert "on which funds therefor are appropriated".

On page 87, line 9, strike out "not otherwise appropriated" and insert ", to the extent provided in advance in appropriation Acts".

Mr. HATFIELD. Mr. President, I wish to call the attention of the distinguished chairman of the Committee on Finance as well as other Members of the Senate to three troublesome provisions in the Finance Committee bill. These sections are 143, 144, and 145.

Section 143 of the committee bill appropriates "such sums as may be necessary" into social security trust funds to credit the amount of social security checks drawn on the Treasury but never negotiated. The committee report indicates that this provision would result in a one-time appropriation of about $800 million. Under present law, such uncashed checks benefit the Treasury, not the trust funds. Further, the bill gives the Secretary of the Treasury extremely broad and vague authority to continue to credit unnegotiated Treasury checks to the trust funds. The committee report indicates this would be done regularly.

Sections 144 and 145 provide lump sum appropriations to credit the trust funds with an amount equal to the anticipated costs of military wage credits. Reimbursement to the trust funds is currently provided annually in the general appropriation bill for the Departments of Labor, Health and Human Services, Education, and Related Agencies. The committee provision does not change the formula for calculating these credits, but rather accelerates payment of anticipated credits to the present, so that the trust funds receive a one-time transfer from general revenues estimated in the committee report at $18.4 billion.

I ask the chairman of the committee if he can inform us of the circumstances leading the committee to propose these extraordinary provisions.

Mr. DOLE. Mr. President, I thank the distinguished chairman of the Committee on Appropriations.

The extraordinary circumstances are simply the funding crisis facing the social security system. As the Senator knows, in 1981, the Congress permitted interfund borrowing to enable continued payments from the Federal old age and survivors insurance fund until Congress could work out a more durable solution to the OASI problem. The interfund borrowing authority expired in December 1982. We still face a serious funding shortfall, and the committee has endeavored to find funds for the system to prevent default in the near term. Sections 143 through 145 of our proposal would infuse the trust funds with a total of about $19.2 billion, within 30 days of enactment of the bill.

The system of annual appropriations for the military wage credits has worked well in the past, and will continue to be the vehicle for adjustments to these credits. However, the crisis facing the system led the committee, as well as the Bipartisan Social Security Commission, to recommend a one-time change in the existing system.

Regarding the crediting of uncashed social security checks to the trust funds, this has been a longstanding anomaly in this system. Since the checks are drawn from the trust funds, it is only logical and proper that the trust funds, not the general fund of the Treasury benefit if the checks are not negotiated.

Mr. HATFIELD. Mr. President, I thank the chairman for his remarks. I certainly support the chairman's efforts to insure the solvency of the social security system. While I personally oppose the direct appropriations in sections 143, 144, and 145, and believe that a budget amendment for these funds should be submitted by the President for action by the Appropriations Committees, I understand the importance of immediately assuring our senior citizens that their benefits are secure. Therefore, my amendment does not touch section 145, which will infuse the system with $13.2 billion within 30 days of enactment of this bill. Sections 143 and 144, however, add another $6.6 billion to the trust funds, and there is no reason why these funds could not be provided in the normal manner in my opinion. I wonder if the Senator from Kansas would respond to that observation.

Mr. DOLE. The Senator is correct. With the almost immediate funds the social security system will gain from section 145, there will be no harm in providing the funds made available by sections 143 and 144 in the fiscal year 1983 supplemental appropriation bill. Therefore, I have no objection to the Senator's amendment.

The Finance Committee believes that the Congress should adhere to the conventional authorization/appropriation process whenever possible.

Reluctantly, however, the urgency and high priority of the social security crisis led the committee to recommend the departure from the normal procedure embodied in these sections.

I might say as an aside that I certainly understand, as chairman of a major committee, the importance of playing by the rules. I can assure the distinguished chairman of the Appropriations Committee that we do not intend to depart from the normal procedure. It was done in this instance only because of the urgency of the matter. I urge the adoption of the amendment.

Mr. HATFIELD. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 114) was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, I shall yield to the Senator from Mississippi if he has some comments.

Mr. STENNIS. I thank the Senator.

First, Mr. President, I want to commend highly the Senator from Oregon, the chairman of our Committee on Appropriations, for the scrupulous and diligent way in which he follows through these special duties that he has to keep the bill clean of legislation and keep other bills in line, and for maintaining that principle for the Appropriations Committee.

I know this was all done in the utmost good faith by the legislative committee. Nevertheless, there just has to be a standard and we have to have someone who will follow it up and see that that standard is maintained. This might be just ordinary moving along and not important to some, but this goes to the very heart of the principles upon which we operate. I am very proud to see him, again and again, maintain this balance of requirements and get results.

I am delighted to support him in all this endeavor and in the amendments, each one of them.

I thank the Senator.

Mr. HATFIELD. I thank the Senator from Mississippi.

Mr. President, the Senator from Mississippi is a valuable member of our committee and has certainly been stalwart in maintaining the integrity of the appropriations process. I have always appreciated his willingness to do battle at times when it is necessary.

I would also like to call the attention of the chairman of the Finance Committee to section 339 of H.R. 1900, as passed by the House of Representatives. This provision establishes a joint study panel on the Social Security Administration (SSA) to determine whether SSA should become an independent agency. The panel is established under the direction of the Committee on Finance and the Committee on Ways and Means, and reports directly to the two chairmen.

While I do not want to take a position on whether such a study is needed, I do oppose the establishment of such a panel. The funding arrangement for the panel is most irregular. Section 339(b)(5) of H.R. 1900 appropriates "such sums as the chairmen of the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate shall jointly certify to the Secretary of the Treasury as necessary."

As the chairman knows, there are long-standing procedures in both Houses for expenditure of funds by congressional committees. In the Senate, these procedures include submission of an annual budget request by committees to the Rules Committee, and eventual adoption of specific funding levels for each committee by the full Senate. These expenses are then appropriated in an appropriation bill for the legislative branch. I see no reason to deviate from this procedure to establish such a panel. If such a study is essential, it can be funded through the normal process.

The Committee on Finance has not included a comparable provision in its amendment, and I would like to ask the chairman if he shares my deep reservations about this section.

Mr. DOLE. I do share the Senator's reservation, and as he pointed out the committee did not include a comparable provision in its bill. The Senate has adopted an amendment by the Senator from Pennsylvania (Mr. HEINZ) which calls for such a study but without the irregular funding arrangements called for in H.R. 1900. I certainly will work in the conference to assure that the House provision is not adopted.

Mr. HATFIELD. Mr. President, I want to thank the Senator for this colloquy because I think it is well to make the record at this point so everyone has a clear understanding of exactly what we are doing and to take the action before the fact so that if we run into problems later, then at least we will have done everything we can to make the system work.

I congratulate the Senator from Kansas for he has really undertaken a monumental task, and I am sure that it is a no-win situation because anybody and everybody can find something to pick at in this type of comprehensive package. Sure, I do not agree with every section of it or every idea expressed in it, but I am going to support the Senator from Kansas right down the line as much as I can because I think he has brought to the floor an important piece of legislation. I did not raise these issues to harass him or to create problems for an already overburdened person, but I do want to thank him for responding to these issues.

Mr. DOLE. If the Senator will yield, I certainly appreciated, as did the Senator from Mississippi, the Senator from Oregon raising these questions. They are real questions that should be dealt with and it is not the intent—as I indicated in the statement—it is only because of the extraordinary circumstances, but it should have been called to our attention by the Senate Finance Committee. For that I apologize, but at least the Senator was alert to it and we have made a record. We do not intend to violate the comity between committees and we will continue to operate in that fashion.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. COCHRAN). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, it is my understanding that we were going to move on to the jobs bill, but I have now learned that they are not quite prepared to do that. There are a number of amendments that we would like to take up on the social security package in the meantime. I know the distinguished Senator from Michigan has an amendment, the Senator from Montana has two amendments, the Senator from New Hampshire has an amendment, the Senator from South Dakota (Mr. PRESSLER) has an amendment, the Senator from North Carolina (Mr. HELMS) has an amendment, the Senator from Kansas will have an amendment later, Senator LONG has two amendments.

I hope that would just about take care of most amendments. If there are Members within earshot, we might be able to squeeze in one more amendment while we are working out the final details on the jobs bill. It is still our hope that we could forge ahead this evening. It is still early. We would like to go to conference tomorrow afternoon on social security and bring the package back tomorrow night and finish up. That is probably not going to happen.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 115

(Purpose: To provide for the establishment of individual retirement security accounts)

Mr. HELMS. Mr. President, I have an unprinted amendment at the desk which I call up.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Indiana will continue to be set aside.

The amendment of the Senator from North Carolina will be stated.

The legislative clerk read as follows:

The Senator from North Carolina (Mr. HELMS) proposes an unprinted amendment numbered 115.

Mr. HELMS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill, insert the following new section:

SEC. . (a)(1) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable against tax) is amended by inserting after section 44G the following new section:

"SEC. 44H. CONTRIBUTIONS TO INDIVIDUAL RETIREMENT SECURITY ACCOUNT.

"(a) GENERAL RULE.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 20 percent of the amounts contributed by the taxpayer to an individual retirement security account of the taxpayer during the taxable year.

"(b) LIMITATION.—The amount of any contributions taken into account under subsection (a) shall not exceed the amount of taxes paid by the taxpayer to the Federal Old Age and Survivors Insurance Trust Fund under section 3101 for the taxable year.

"(c) INDIVIDUAL RETIREMENT SECURITY ACCOUNT.—For purposes of this section, "the term 'individual retirement security account' shall have the meaning given to such term by section 130(c)(1).".

(2)(A) Subsection (b) of section 6401 of such Code (relating to excessive credit is treated as overpayments) is amended—

(i) by striking out "and 43 (relating to earned income credit)," and inserting in lieu thereof "43 (relating to earned income credit), and 44H (relating to contributions to individual retirement security account),", and

(ii) by striking out "39 and 43" and inserting in lieu thereof "39, 43, and 44H".

(B) Paragraph (2) of section 55(f) of such Code (defining regular tax) is amended by striking out "39 and 43" and inserting in lieu thereof "39, 43, and 44H".

(3) In prescribing the forms by which any individual liable for any tax imposed by subtitle A of the Internal Revenue Code of 1954 shall make a return for taxable years beginning after December 31, 1983, the Secretary of the Treasury shall ensure that any such individual who is eligible for a credit under section 44H of such Code may claim the credit allowable under such section on any such form.

(4) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting before the item relating to section 45 the following new item:

"Sec. 44H. Contributions to individual retirement security account.".

(5) The amendments made by this section shall apply to taxable years beginning after December 31, 1983.

(b)(1) Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to items specifically excluded from gross income) is amended by redesignating section 130 as section 131 and by inserting after section 129 the following new section:

"SEC. 130. INCOME FROM INDIVIDUAL RETIREMENT SECURITY ACCOUNT.

"(a) IN GENERAL.—Gross income does not include income which—

"(1) accrues on amounts contributed to an individual retirement security account, and

"(2)(A) remains in such account until the taxpayer attains age 62, or

"(B) is withdrawn from such account before the taxpayer attains age 62 for the purchase of life insurance, health insurance, or disability insurance for the taxpayer.

"(b) ACCOUNT EXEMPT FROM TAX.—Any individual retirement security account is exempt from taxation under this subtitle.

"(c) DEFINITIONS.—For purposes of this section—

"(1) INDIVIDUAL RETIREMENT SECURITY ACCOUNT.—The term 'individual retirement security account' means an account—

"(A) which is established by the taxpayer with a qualified fiduciary;

"(B) which by written agreement or applicable law provides that—

"(i) amounts may be withdrawn therefrom before the taxpayer attains age 62 only for the purposes specified in subsection (a)(2)(D), and

"(ii) the interest of the taxpayer in the balance of his account is not forfeitable; and

"(C) to which the taxpayer makes contributions, in order to ensure the taxpayer an adequate retirement income upon attaining age 62.

"(2) QUALIFIED FIDUCIARY.—The term 'qualified fiduciary' means a bank or other person who demonstates to the satisfaction of the Secretary that the manner in which he will administer the account will be consistent with the requirements of this section. An account shall not be disqualified under this paragraph merely because a person other than the fiduciary so administering the account may be granted, in the instrument creating the account, the power to control the investment of the account funds either by directing investments (including reinvestments, disposals, and exchanges) or by disapproving proposed investments (including reinvestments, disposals, and exchanges).".

(2) The amendments made by this section shall apply to taxable years beginning after December 31, 1983.

(c) Section 215 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(d)(1) For purposes of determining old-age and survivors insurance benefits based upon the wages and self-employment income of an individual with respect to whom contributions are made to an individual security retirement account, such primary insurance amount shall be reduced by an amount that bears the same ratio to such primary insurance amount (as determined without regard to this subsection) as the IRSA offset amount determined with respect to such individual bears to the present value of the OASI annuity amount determined with respect to such individual.

"(2) For purposes of this subsection—

"(A) The term 'individual retirement security account' shall have the meaning given to such term in section 130(c)(1) of the Internal Revenue Code of 1954.

"(B) The term 'IRSA offset amount' means, with respect to an individual described in paragraph (1), an amount equal to the sum of amounts—

"(i) contributed by such individual to the individual retirement security account established with respect to such individual, and

"(ii) taken into account for purposes of determing a credit allowed to such individual under section 44H of the Internal Revenue Code of 1954,

(compounded, for the period beginning with the date on which the return in which such credit was claimed was required to be filed and ending with the date on which such individual retires, by the social security yield rate determined with respect to such individual);

"(C)(i) The term 'present value of OAST benefit annuity amount' means an amount that would, if invested at a rate of interest equal to the rate of interest payable on United States Treasury bills at the beginning of the period of entitlement determined with respect to the wages and self-employment income of an individual, produced by the end of such period of entitlement, an amount equal to the amount of benefits which would be payable under section 202 on the basis of such wages and self-employment income (but for the application of paragraph (1)) for such period of entitlement.

"(ii) In determining the amount of benefits which would be payable for the period of entitlement determined with respect to the wages and self-employment income of an individual, the rate of the cost-of-living increase under subsection (i) for the cost-of-living computation quarter immediately preceding the beginning of such period of entitlement shall be assumed to apply to each base quarter in such period of entitlement.

"(D) The term 'period of entitlement' means, with respect to the wages and self-employment income of an individual described in paragraph (1), the period beginning with the date on which such individual retires and ending with the date on which such individual would attain the expectation of life (determined in accordance with the official life table and in accordance with the applicable provisions of this Act as in effect on the first day of such period).

"(E) The term 'social security yield rate' means, with respect to an individual described in paragraph (1), the rate of yield that, if earned on the OAST tax amount determined with respect to such individual, for the period beginning with the date on which such taxes were paid and ending with the date on which such individual retires, would produce an amount equal to the present value of the OASI benefit annuity amount determined with respect to such individual.

"(F) The term 'OASI tax amount' means with respect to an individual described in paragraph (1), the amount of taxes paid to the Federal Old-Age and Survivors Insurance Trust Fund with respect to such individual under sections 3101(a), 3111(a), and 1401(a) of the Internal Revenue Code of 1954 during the 80 highest quarters of coverage for such individual.

"(G) The term 'cost-of-living computation quarter' shall have the meaning given to such term in subsection (i)(1)(B).

"(H) The term 'base quarter' shall have the meaning given to such term in subsection (i)(1)(A).

"(I) The term 'quarter of coverage' shall have the meaning given to such term in subsection 213(a)(2).

"(J) The term 'official life table' means the life table for total persons in the United States that is prepared decennially by the National Center for Health Statistics for the 3-year period centering around the year of the decennial population census.".

Mr. HELMS. Mr. President, at the outset, let me pay my genuine respects to the distinguished Senator from Kansas, the chairman of the Finance Committee, and the members of the committee for the long and arduous work they have done in connection with this piece of legislation.

In particular, Senator DOLE, while carrying an enormous load in other legislative matters, has devoted an unbelievable amount of time to this bill, which is about to be concluded tonight.

Senator DOLE has said many times that the bill now before the Senate is not satisfactory to everybody. I hope I may be able to make a suggestion that will offer material improvement, particularly regarding the young people just entering the work force but important for all citizens participating in social security.

Mr. President, millions of Americans have waited patiently for Congress to come up with a plan to rescue social security. They watched as a 15-member, blue ribbon commission studied social security's funding problems and then offered a solution that fell pitifully short of its mark. While the panel's plan might or might not have bridged the $200 billion short-term deficit, it provided little relief for social security's whopping $2 trillion long-range debt.

Then Americans looked on as Members of Congress debated solutions to the system's long-term funding crisis. Members of the House recommended we solve the problem by making working men and women stay in the work force beyond the present retirement age. Still others suggested we reduce future benefits to our senior citizens or enact standby tax increases in excess of those contained in the bill before us now.

Mr. President, these patchwork efforts just will not work. Fundamental problems with social security remain unsolved. They cannot be patched. We will be deceiving ourselves—and the American people—if we do not face up to the seriousness of the social security crisis and offer something better than the reform bill now before us.

Population growth patterns show that fewer than two workers will be supporting each retired person early in the next century. Is there any wonder so many Americans have so little confidence in social security? A recent Washington Post-ABC News poll revealed that 66 percent of workers under 45—and 70 percent of those under 30—believe social security will not even exist when they retire.

I, for one, believe Americans deserve more than the present bankrupt retirement system, which is subject to the whims of politicians. That is precisely why I am offering this amendment—to provide working men and women a supplement to the present system. It would establish a new kind of private savings plan which I call an individual retirement security account (IRSA). Unlike social security, which is not really a retirement insurance and savings program at all, these new accounts would allow each working American to save and invest for his or her own retirement security. For the first time ever, there would actually be a trust fund.

Mr. President, I propose these accounts be set up in banks, savings and loans, and other lending institutions approved under the Treasury regulations. The capital pool created in the private sector by these accounts would provide an enormous stimulus to our economy. These IRSA's would encourage savings and investment, create jobs, help lower interest rates, and in the process restore strength and vitality to our economy.

Some Senators perhaps are thinking that IRSA accounts sound quite a bit like the present IRA accounts. Well, they are very similar. There are some important differences, however. Instead of the income tax deductions allowed individuals who set up IRA's, my amendment provides a tax credit to encourage IRSA's. The tax credit would equal 20 percent of the amount an individual invests in an IRSA, subject to a limit of 20 percent of the individual's payroll tax liability for that year.

There would be no limit on the amount that could be deposited in IRSA's. Interest, dividends, and capital gains accumulated in the IRSA's would be tax exempt, and annuities and withdrawals from it upon retirement anytime after age 62 would be tax free. Funds held in an IRSA account could be used tax free by a worker before age 62 to acquire life insurance, health insurance, or disability insurance. The individual could participate with his fiduciary in managing the IRSA as a fully funded individual retirement program.

Mr. President, I ask unanimous consent that a table be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

ESTIMATED IRSA PARTICIPATION AND INVESTMENT

[Dollar amounts in billions]

Year	Participation rate in IRSA's	Amount invested
1984	0.01	$0.894
1985	.03	3.072
1986	.07	7.802
1987	.10	12.050
1988	.13	16.926
1989	.16	22.432
1990	.19	31.037
1991	.24	42.288
1992	.30	57.000
1993	.38	77.900
Total		271.401

Mr. HELMS. Mr. President, the preceding table reflects the huge amounts of money that will be invested in the private sector at various rates of IRSA participation.

For example, let us assume that 1 percent of social security participants set up IRSA accounts in 1984; $894 million would be left in the economy for the creation of jobs and so forth.

If you will look down the table, 10 percent participation in 1987 would result in $12 billion left in the private sector. Go all the way down to 1993 and the total amount of money with 38 percent of the work force participating would be $271,401 million invested in the private sector.

For those who do not have a calculator handy the total amount invested over the next decade would be in excess of $271 billion, which is one whale of a lot of money.

Mr. President, sooner or later, a plan such as the one I am proposing is going to be made mandatory in this country because as fewer and fewer workers support more and more retirees the system we now have will simply fold under the financial strain.

My plan, however, is completely voluntary, and I simply want to offer these IRSA's to the working men and women of this country as a supplement to social security.

Let me emphasize they certainly are not mandatory and more importantly they do not take one penny away from the payroll taxes so vital to the present beneficiaries.

Mr. DOLE. Mr. President, as I have indicated earlier, and I cannot remember which day—we have been on this bill sort of off and on—the distinguished Senator from North Carolina, Senator HELMS, was kind enough to come before our committee and discuss what I consider to be a very innovative idea and then he discussed it later in the Chamber when he offered his proposal, and now this is the so-called IRSA part of his total package. As the Senator pointed out earlier about 11 of the 20 provisions in the Senator's bill have now become a part of the package before the Senate. So there is more than 50 percent of what the Senator was trying to achieve in

the package. The ERISA concept would provide some additional capital for the private sector. There is some question as to how many people will contribute to an IRSA if it will reduce their social security benefits.

As I understand the statement just made by the Senator from North Carolina it is intended to be supplemental.

Mr. HELMS. That is correct.

Mr. DOLE. Whether or not that would have any reduction the Senator from Kansas is not certain from a cursory reading of the amendment.

The problem that concerns the Senator from Kansas is whether or not there is any revenue impact, and we have not had an opportunity with the joint committee to make any revenue estimates. Maybe the Senator from North Carolina has some estimate.

Mr. HELMS. I do. If the Senator will yield, I perhaps moved too rapidly in putting too much in the RECORD, but it depends on how you look at it.

I choose to look at it from the standpoint of what this will generate in the private sector of our economy.

To answer the Senator's question, for fiscal 1984 it would cost $179 million. That is assuming 1-percent participation.

Mr. DOLE. That would be a credit, as I understand, against taxes, so it would be a loss to general revenues, if there is 1-percent participation. If participation were higher, say, the loss would be greater, but on the other hand the benefits that might offset a greater portion of that loss.

Mr. HELMS. Yes.

Mr. DOLE. Again, I do not know how far the Senator from North Carolina wishes to press the amendment. I would hope that he would permit us to continue to explore the possibility. It makes a great deal of sense, and the Senator from Idaho, I might add, has somewhat similar provisions that he has discussed and what we have done in that case, which we can also do in this case if it would satisfy the Senator from North Carolina, is to ask the Treasury Department and the Social Security Administration to take a look at this new concept and give us some definitive response within 6 to 9 months to determine whether or not this might be a good supplemental program because, as pointed out by the Senator before our committee and again in the Chamber tonight, this will provide opportunities not now available to those who will be retiring down the road.

I do not know whether the Senator wishes to have a vote on the amendment tonight or whether we can accommodate him in some other way.

Mr. HELMS. I want to work with the Senator from Kansas in any possible way.

Let me just say for the RECORD that whereas our calculations are that it will cost $179 million in 1984 with that 1-percent-assumed participation, the total of $894 million left in the private sector would, I think, more than offset that in terms of generating jobs.

Mr. DOLE. Mr. President, if the Senator will yield, I think the strength of the idea is that it would cause people to take more of an interest in their own retirement.

Mr. HELMS. The Senator is correct.

Mr. DOLE. I assume that more responsibility and more concern are probably the underlying bases for the amendment.

Again, I am not prepared to accept the amendment. I am certainly willing to work with the distinguished Senator from North Carolina. It is a good idea. If we could have some time I am willing to request the Treasury and any other appropriate agency to take a look at title I of the Senator's amendment and to give us some response as far as costs, what they think what percent of people might use it, what the impact might be on retirement, might be on individuals, and how it mixes with the private pension plans as well as the social security program and any other thing that the Senator thinks we might want to include in that request, and we are certainly most willing to do that.

Mr. HELMS. I think that is a good idea and I express my appreciation to the Senator from Kansas.

Let me make this suggestion: that his staff, and mine, and perhaps the staff of Senator SYMMS, because he is also interested in it, consider the production of a package of a number of things and submit them to the Senator. Then he can proceed with the Treasury Department. We can eliminate what is not workable, and pick it up from there. With that understanding, I would see no point in having a rollcall. I would rather work with the Senator because I know of his interest in trying to free this incentive for a private retirement system.

Mr. DOLE. I might say to the Senator there is a great deal of interest in our committee and pretty widespread in the Senate on both sides of the aisle in trying to beef up the IRA program, and this is another aspect you might consider. Our problem is where we find the revenue to offset the loss if we do that. But the Senator from Kansas is willing to do whatever he can because it is a good idea and it should be explored.

Mr. HELMS. All right.

Mr. DOLE. And it will be explored.

Mr. HELMS. Mr. President, I thank the Senator from Kansas. He is always thoughtful and always helpful, and I think we might be onto something, as the saying goes. Let us work in that direction.

With that in mind and with that understanding, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. DOLE. I thank the Senator from North Carolina.

UP AMENDMENT NO. 116

(Purpose: To index the base amount for the taxation of social security benefits)

Mr. HUMPHREY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Indiana is temporarily set aside. The clerk will report.

The bill clerk read as follows:

The Senator from New Hampshire (Mr. HUMPHREY) proposes an unprinted amendment numbered 116.

Mr. HUMPHREY. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 59, strike out lines 4 through 14, and insert in lieu thereof the following:

"(c) BASE AMOUNT.—For purposes of this section—

"(1) IN GENERAL.—The term 'base amount' means—

"(A) except as otherwise provided in this paragraph, $25,000,

"(B) $32,000, in the case of a joint return, and

"(C) zero, in the case of a taxpayer who—

"(i) is married at the close of the taxable year (within the meaning of section 143) but does not file a joint return for such year, and

"(ii) does not live apart from his spouse at all times during the taxable year.

"(2) INDEXING ADJUSTMENT.—

"(A) IN GENERAL.—The base amount which applies for any calendar year beginning after December 31, 1984, shall be the amount determined under paragraph (1), adjusted by the appropriate index factor for such year.

"(B) INDEX FACTOR.—For purposes of subparagraph (A), the index adjustment factor for any calendar year shall be equal to the wage adjustment for such year.

"(C) WAGE ADJUSTMENT DEFINED.—For purposes of this paragraph, the 'wage adjustment' for any calendar year is the percentage (if any) by which—

"(i) the average of the total wages for the preceding calendar year, exceeds

"(ii) such average for 1983.

"(D) DETERMINATION OF AVERAGE OF TOTAL WAGES.—For purposes of subparagraph (C), the average of the total wages for any calendar year shall be the average determined—

"(i) for the 12-month period ending on September 30 of such calendar year, and

"(ii) in the same manner as such average is determined for purposes of section 215(b)(3)(A)(ii) of the Social Security Act.".

Mr. HUMPHREY. Mr. President, as my colleagues know, the social security bill before the Senate contains a provision taxing social security benefits. The Finance Committee has constructed a system of thresholds above which beneficiaries will find their social security benefits, half of the benefits, subject to taxation. Those thresholds chosen by the Finance

Committee are $25,000 for a single taxpayer or $32,000 on a joint return.

Completely divorced from the issue of the equity of taxing social security benefits is the matter of the thresholds themselves. This Senator has serious doubts at these relatively low levels of $25,000 to $32,000 that they represent an equitable threshold but even apart from that contention, Mr. President, I know a good number of my colleagues share the concern that because these thresholds are not indexed to inflation, in the language of the bill, that over a period of years, as inflation occurs, as undoubtedly it will, although we hope very much it will be at negligible levels, social security recipients and more and more recipients will be boosted above the thresholds and find their social security benefits subject to this taxation.

Mr. President, I have constructed a table which I have distributed to my colleagues showing the effect of inflation on the thresholds. This table makes a very modest assumption that inflation will average 4 percent per year over the next 10 years. I think we will count ourselves lucky if inflation remains that low over that span of time. But just basing it on the conservative projection of inflation at 4 percent per year, the $25,000 threshold for single taxpayers is reduced to $16,892 over a 10-year period. That is expressed in 1984 dollars. So it will go from $25,000 to $16,892 expressed in 1984 dollars, and the $32,000 joint income go—joint return threshold will be reduced in value—to $21,622 in 1984 dollars.

This is a very substantial erosion obviously of the value of the threshold, and the upshot will be, of course, that many, many more social security beneficiaries will find their benefits taxed than anticipated by the Finance Committee.

We see the social security equivalent of bracket creep at work in the chart which I have constructed.

I know the Finance Committee will object to the amendment on the grounds that it would cost the Treasury some billions of dollars, I believe the figure the committee cites is about $4 billion if the Senate adopts the Humphrey amendment to index these thresholds.

I suggest to my colleagues that whether the figure of lost revenue is $4 billion or some other figure, higher or lower, those are ill-gotten dollars because they will be gained through, you might say, bracket creep in the social security system.

There are many who consider the taxation that occurs through raising of taxes, that occurs through bracket creep, to be a dishonest form of raising taxes and many say if Congress wants to raise greater tax revenues, it ought to have the courage to increase tax rates or tax increases directly and not permit bracket creep to work secretly, silently, and viciously. That is a great argument and that is why the Congress adopted indexation of the tax rates, IRS tax rates, for 1985, and that is why the President, including many others, including the chairman of the Finance Committee, I believe, are committed absolutely to retaining tax indexation as part of the President's tax package.

I wholeheartedly support them in that, and it is only fair to agree if we want to raise taxes we ought to have the courage to do it up front and in a straightforward fashion.

Likewise we should not seek to raise taxes through taxation of the social security benefits through the means of bracket creep and that is precisely what will occur if the Senate does not by some means or other index the tax on social security benefits. That is what the Senator from New Hampshire wants to do is to index the amounts so they will retain the value assigned to them by the Finance Committee in 1983.

Without indexation, as I have pointed out, the value of this threshold will steadily decline and more and more taxpayers of modest means, not well-to-do by any stretch of the imagination, but more and more taxpayers of modest means, will find their social security benefits subject to taxation.

Mr. President, I believe the amendment speaks for itself. It is simple, it is clear, it is a matter of fairness and equity, and a matter of doing things up front and straightforwardly, and I would urge my colleagues to adopt the amendment, and I will ask for the yeas and nays at this point, Mr. President.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HUMPHREY. I will relinquish the floor at this point, Mr. President.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I want to thank the Senator from New Hampshire for bringing up this amendment. I just hope it does not pass. I know precisely what the amendment does. It is something we considered in the Commission, but as with all these other great ideas floating around, they cost a great deal of money. This one costs about $6 billion between now and 1989 and I understand about $4.2 billion every year thereafter.

Mr. HUMPHREY. Will the Senator from Kansas yield for a question at that point?

Mr. DOLE. Yes.

Mr. HUMPHREY. Let me back up. Is it not correct that the Senator from Kansas, along with the President, supports retaining indexation of the IRS tax brackets?

Mr. DOLE. Yes; I view that a little differently. Yes; I strongly support indexing.

Mr. HUMPHREY. Yes; I am glad to hear that and I find my understanding reconfirmed.

Does not the Senator from Kansas agree that any—the Senator from Kansas contends this amendment will result in a loss of revenue but is that revenue to be lost, is that not ill-gotten revenue in that it results from bracket creep with respect to these thresholds?

Mr. DOLE. You mean we lose revenue?

Mr. HUMPHREY. Yes; the committee contends in its opposition to this amendment that we will lose some billions of dollars in revenue and I do not count that is so, that revenue lost is ill-gotten revenue because it is derived from the bracket creep.

Mr. DOLE. Let me say to the Senator from New Hampshire so far as indexing the Tax Code the Senator from Kansas and the Senator from Colorado and the Senator from New Hampshire, and I hope the majority of the Senate, will do all we can to retain indexing starting in 1985. But again I do not see that as parallel to this.

Second, if, in fact we find that inflation is based on the Senator's "Dear Colleague" letter, and I do not quarrel with that, if it moves that quickly, we can adjust the threshold for inflation, and we can do it without risk to the trust funds.

Again, it is a matter we discussed. It is not a matter we did not think of in the Commission. In fact, as I recall, maybe the Senator from Kansas raised it in the Commission hearings, and other Senators did also. So when we got all finished up and added up how much revenue we were going to have between now and 1999 and how much we were going to need, we did not have any more room. And whether it is $6 billion in the next 5 years and then $4.2 billion a year, I think it is a matter of some concern.

That does not suggest if we have more money in the trust fund we could not index the thresholds. Very honestly, there are some, this Senator not included, who believe there should not be any thresholds, that you should tax the benefits period. That is not the view of the Senator from Kansas.

So again I am sympathetic with the amendment. But if we index the threshold we will have to make payroll taxes or cut benefits to make up the difference. So I think we have a choice. If we want to index the threshold, which is probably maybe a good idea down the road, but I do not believe it is a good idea now, then we have to be prepared.

I hope the Senator would be willing to offer another amendment which would either raise taxes or cut benefits

to pay for it, because we really are in a tight bind.

I do not quarrel with the Senator from New Hampshire. I think it is a great idea—do not misunderstand me—but we are just not prepared to do anything about it because we are out of money.

Mr. HUMPHREY. If the Senator would yield, of course he is aware, in the event the trust fund falls below a certain floor, that a mechanism comes into play that will reduce COLA's cost-of-living allowances, for beneficiaries while holding safe lower income, that is social security benefits with a lower range of values. So it is not absolutely correct to say that passage of this amendment is going to result in some kind of crisis because that COLA mechanism will come into play.

Mr. DOLE. I say to the Senator, he is correct. But I would also say when we adopted these fail-safe provisions, we were under the impression in our committee there would not be indexing of the threshold. Had we provided indexing of the threshold, we might have provided another fail-safe mechanism. The fact that we index the rate structure does not mean that we index every fixed dollar amount in the Tax Code.

I know the Senator wants a vote on this amendment. I hope we can persuade him not to have a vote. He is certainly entitled to a vote. It is an idea that deserves consideration and I appreciate the Senator offering it. I only wish we could accept it.

Mr. HUMPHREY. Mr. President, to conclude, briefly, let me state that I am perfectly willing to stack the vote or to handle it in whatever way it is convenient to my colleagues.

I find myself, unfortunately, in disagreement with the Senator from Kansas. Any revenue loss attributed to this amendment would be revenue dishonestly gained in the view of this Senator because it will result from bracket creep. It will result from more and more taxpayers of modest income finding their social security benefits taxed.

As I pointed out, my table shows that with a 4-percent rate of inflation, which is modest, the $25,000 threshold would fall in value to $16,892 over 10 years, expressed in 1984 dollars; the $32,000 threshold will fall to $21,622. So more people will find their benefits taxed. Tax revenues will rise, of course, because of that, but those will be ill-gotten gains and not straightforwardly secured type of revenues. So it is a simple matter of equity, especially in light of the taxation of IRS tax brackets which should apply the same mechanism to these thresholds.

Mr. President, if the leadership wishes, I would be happy to stack the vote.

Mr. BAKER. Mr. President, if the Senator would yield to me, I think we are ready to vote. I believe that after this vote we will indeed be ready to go to the jobs conference report.

So if the Senator from New Hampshire wishes to vote, I have no objection to doing it at this time. I appreciate his offer, however.

The PRESIDING OFFICER. Is there further debate on the amendment?

If not, the question is on agreeing to the amendment of the Senator from New Hampshire (Mr. HUMPHREY). The yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Alabama (Mr. DENTON), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Illinois (Mr. PERCY) are necessarily absent.

I further announce that, if present and voting, the Senator from Alabama (Mr. DENTON) would vote "nay."

Mr. BYRD. I announce that the Senator from California (Mr. CRANSTON) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 22, nays 74, as follows:

[Rollcall Vote No. 43 Leg.]

YEAS—22

Abdnor	Garn	Nickles
Armstrong	Hatch	Roth
Biden	Hawkins	Rudman
Boschwitz	Heflin	Symms
Bradley	Helms	Trible
D'Amato	Humphrey	Wilson
DeConcini	Mattingly	
East	McClure	

NAYS—74

Andrews	Hart	Murkowski
Baker	Hatfield	Nunn
Baucus	Hecht	Packwood
Bentsen	Heinz	Pell
Bingaman	Hollings	Pressler
Boren	Huddleston	Proxmire
Bumpers	Inouye	Pryor
Burdick	Jackson	Quayle
Byrd	Jepsen	Randolph
Chafee	Johnston	Riegle
Chiles	Kassebaum	Sarbanes
Cochran	Kasten	Sasser
Cohen	Kennedy	Simpson
Danforth	Lautenberg	Specter
Dixon	Laxalt	Stafford
Dodd	Leahy	Stennis
Dole	Levin	Stevens
Domenici	Long	Thurmond
Durenberger	Lugar	Tower
Eagleton	Mathias	Tsongas
Exon	Matsunaga	Wallop
Ford	Melcher	Warner
Glenn	Metzenbaum	Weicker
Gorton	Mitchell	Zorinsky
Grassley	Moynihan	

NOT VOTING—4

Cranston	Goldwater
Denton	Percy

So Mr. HUMPHREY's amendment (UP No. 116) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENTS NOS. 110 AND 112

The PRESIDING OFFICER. The Senator from Indiana.

Mr. QUAYLE. Mr. President, under a unanimous-consent agreement, there are three Quayle amendments that have been temporarily laid aside pending the return of the Senator from Louisiana to try to get his agreement. He has returned. We have an agreement on two of the three amendments. I ask unanimous consent that the first and third Quayle amendments, one dealing with IRA and one dealing with section 1122, be considered en bloc.

The PRESIDING OFFICER (Mr. JEPSEN). Is there objection?

Mr. DOLE. Mr. President, as I understand, that is the IRA amendment and the medicare amendment.

Mr. QUAYLE. The Senator is correct.

The PRESIDING OFFICER. Is there objection?

Without objection it is so ordered.

Mr. QUAYLE. I move adoption of the amendments en bloc.

The PRESIDING OFFICER. The question is on agreeing to the amendments en bloc.

The amendments (UP No. 110 and UP No. 112) were agreed to en bloc.

Mr. QUAYLE. I move to reconsider the vote by which the amendments were agreed to en bloc.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I yield to the distinguished Senator from Kansas.

Mr. DOLE. Mr. President, there have been some questions by Senators on the two amendments adopted. They were discussed earlier. They were laid aside temporarily so they could be checked with the distinguished Senator from Louisiana. He had the conversation with the distinguished Senator from Indiana and two of the three were cleared. There is still one pending.

Mr. President, I ask unanimous consent to have the following materials printed in the RECORD: A list of members of the National Commission on Social Security Reform and a brief statement of their past accomplishments, a brief summary of the activities of the Commission, a supplementary statement on the long-range financing of the social security program which was made jointly by eight other members of the Commission and this Senator, the supplemental views of this Senator and Congressman CONABLE, and a list of the staff members of the Commission.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

APPOINTED BY THE PRESIDENT

Alan Greenspan, Chairman—Chairman and President, Townsend-Greenspan and Company, New York, NY. Dr. Greenspan is a distinguished economist and a former Chairman of the Council of Economic Advisers (under President Ford).

Robert A. Beck—Chairman of the Board and Chief Executive Officer, Prudential Insurance Company of America, Newark, NJ. (the largest insurance company in the country). Mr. Beck has played an important role in developing the position on the Social Security program of the Business Roundtable and other important business groups.

Mary Falvey Fuller—Management Consultant, San Francisco, CA. (Ms. Fuller was a member of the 1979 Advisory Council on Social Security).

Alexander B. Trowbridge—President, National Association of Manufacturers, Washington, DC. Mr. Trowbridge was Secretary of Commerce under President Johnson.

Joe D. Waggonner, Jr.—Consultant, Bossier Bank and Trust Company, Bossier City, LA. Mr. Waggonner was a Member of Congress from Louisiana in the 87th to 95th Congresses and was active in Social Security legislation, as a member of the Committee on Ways and Means.

APPOINTED BY THE MAJORITY LEADER OF THE SENATE, IN CONSULTATION WITH MINORITY LEADER

William Armstrong—Senator from Colorado and Chairman of the Subcommittee on Social Security, Committee on Finance.

Robert Dole—Senator from Kansas and Chairman of the Committee on Finance.

John Heinz—Senator from Pennsylvania and Chairman of the Special Committee on Aging and a member of the Committee on Finance.

Lane Kirkland—President, American Federation of Labor-Congress of Industrial Organizations. Mr. Kirkland has, for many years played an active role in the development of Labor's position on Social Security.

Daniel Patrick Moynihan—Senator from New York and Ranking Minority Member of the Subcommittee on Social Security, Committee on Finance.

APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, IN CONSULTATION WITH THE MINORITY LEADER

William Archer—Representative from Texas and Ranking Minority Member of the Subcommittee on Social Security, Committee on Ways and Means.

Robert M. Ball—Visiting Scholar, Center for the Study of Social Policy, Washington, DC. Mr. Ball was Commissioner of Social Security in 1962-73 and held various positions with the Social Security Administration during the preceding 25 years.

Barber Conable—Representative from New York and Ranking Minority Member of the Committee on Ways and Means.

Martha E. Keys—Director of Educational Programs, The Association of Former Members of Congress, Washington, D.C. Ms. Keys was a Member of Congress from Kansas, in the 94th and 95th Congresses and, as a Member of the Committee on Ways and Means, was active in Social Security legislation. Assistant Secretary of Health and Human Services, 1980-81.

Claude D. Pepper—Representative from Florida and currently Chairman of the Committee on Rules. Previously, he was Chairman of the House Select Committee on Aging and formerly was a Senator from Florida.

SUMMARY OF ACTIVITIES OF COMMISSION

On December 16, 1981, President Reagan promulgated Executive Order 12335, which established the National Commission on Social Security Reform. The National Commission was created as a result of the continuing deterioration of the financial position of the Old-Age and Survivors Insurance Trust Fund, the inability of the President and the Congress to agree to a solution, and the concern about eroding public confidence in the Social Security system.

The Executive Order provided that the National Commission should:

". . . review relevant analyses of the current and long-term financial condition of the Social Security trust funds; identify problems that may threaten the long-term solvency of such funds; analyze potential solutions to such problems that will both assure the financial integrity of the Social Security System and the provision of appropriate benefits; and provide appropriate recommendations to the Secretary of Health and Human Services, the President, and the Congress."

In carrying out its mandate, the National Commission met ten times, on approximately a monthly basis. Because of the brevity of the time in which to complete its work, the National Commission held no public hearings. However, it reviewed the results of the many hearings, studies, and reports of other public bodies, including Congress, the 1979 Advisory Council on Social Security, and the 1981 National Commission on Social Security. The National Commission on Social Security Reform sought the advice of a number of experts and thoroughly examined a wide variety of alternative approaches.

The Commission agreed that there was a financing problem for the Old-Age, Survivors, and Disability Insurance program for both the short run, 1983-89 (as measured using pessimistic economic assumptions) and the long range, 1983-2056 (as measured by an intermediate cost estimate) and that action should be taken to strengthen the financial status of the program. The Commission recognized that, under the intermediate cost estimate, the financial status of the OASDI program in the 1990's and early 2000's will be favorable (i.e., income will significantly exceed outgo). The Commission also recognized that, under the intermediate cost estimate, the financial status of the Hospital Insurance program becomes increasingly unfavorable from 1990 until the end of the period for which the estimates are made.

The Commission studied a large number of options that would solve the financing problems of the Social Security program, both short-range and long-range. These are summarized in some 55 pages of its report.

The Commission was able to reach a consensus for meeting the short-range and long-range financial requirements, by a vote of 12 to 3.

The members of the Commission voting in favor of the "consensus" package agreed to a single set of proposals to meet the short-range deficit. They further agreed that the long-range deficit should be reduced to approximately zero. The single set of recommendations would meet about two-thirds of the long-range financial requirements. Seven of the 12 members agreed that the remaining one-third of the long-range financial requirements should be met by a deferred, gradual increase in the normal retirement age, while the other 5 members agreed to an increase in the contribution rates in 2010 of slightly less than ½ percent of covered earnings on the employer and the same amount on the employee, with the employee's share of the increase to be offset by a refundable income-tax credit.

A more complete description and rationale for the solution of the long-range financing problem supported by the Senator from Kansas is presented in the next section. The second following section gives an overall statement of the achievements of the Commission, as developed jointly by Congressman Conable, a member of the Commission and the Senator from Kansas.

STATEMENT ON MEETING THE LONG-RANGE FINANCING REQUIREMENTS BY COMMISSIONERS ARCHER, BECK, CONABLE, DOLE, FULLER, GREENSPAN, HEINZ, AND TROWBRIDGE [1]

The recommendations made in the "consensus" package fail to meet the long-range goal of providing additional financing equivalent of 1.8 percent of taxable payroll. The shortfall is an estimated .58 percent of taxable payroll. We believe that this should be derived by a delayed, slowly phased-in increase in the "normal" retirement age (the age at which unreduced retirement benefits are available to insured workers, spouses, and widow(er)s—which is age 65 under present law).

The major reasons for this proposal are:

(1) Americans are living longer.

(2) Older workers will be in a greater demand in future years.

(3) The disability benefits program can be improved to provide cash benefits and medicare to those between age 62 and the higher normal retirement age who, for reasons of health, are unable to continue working.

(4) Because the ratio of workers to beneficiaries is projected to decline after the turn of the century, younger generations are expected to pay significantly increased taxes to support the system in the 21st century. An increase in the normal retirement age will lessen the increase.

(5) Given sufficient notice, coming generations of beneficiaries can adjust to a later retirement age just as earlier generations adjusted to age 65.

Although we believe that greater action in this direction may be desirable, we are suggesting only enough change to produce approximately the needed .58 percent of taxable payroll. The recommended change would apply only to the normal retirement age. Early-retirement benefits would continue to be available beginning at age 62 for insured workers and spouses and at age 60 for widows and widowers, but the actuarial reduction factors would be larger. The minimum age for eligibility for medicare benefits would continue to be the "normal" retirement age for OASDI benefits. Disability benefits are now available under somewhat less stringent definitions for those aged 60-64. However, because some workers, particularly those in physically demanding employment, may not benefit from improvements in mortality and be able to work longer, we assume that the disability benefits program will be improved prior to the implementation of this recommendation to take into account the special problems of those between age 62 and the normal retirement age who are unable to extend their working careers for health reasons.

Under our proposal, the normal retirement age would be gradually increased—one

[1] Source: Report of the National Commission on Social Security Reform, January 1983.

month each year—to age 66 in 2015, beginning the phase-in with those who attain age 62 in 2000. Beginning with those who attain age 62 in 2012, the normal retirement age would be automatically adjusted (on a phased-in basis) so that the ratio of the retirement-life expectancy to the potential working-lifetime (from age 20 to the "normal" retirement age) remains the same over the years as it was in 1990. The estimated long-range savings of this proposal is 0.65 percent of taxable payroll.

ADDITIONAL VIEWS OF SENATOR ROBERT J. DOLE AND CONGRESSMAN BARBER B. CONABLE, JR.

When the National Commission of Social Security Reform was created on December 16, 1981, few people had real confidence in what the commission could accomplish. And little wonder. For the better part of a year, social security had been embroiled in political controversy. The system moved closer to insolvency as proposals for financial reform were subjected to partisan political attack. The 15 selected as commission members, moreover, embodied widely divergent views. At least to outsiders, these members probably seemed incapable of reaching any true bi-partisan consensus.

In the last several days, the commission accomplished what some said was impossible. With the cooperation and approval of President Reagan and House Speaker O'Neill, the commission forged a consensus reform package with broad bipartisan support. As detailed earlier in this report, the package is designed to close the short-term deficit identified by the commission, and go a long way toward closing the long-range deficit. It requires concessions from all of the parties who have a stake in social security—current and future beneficiaries, taxpayers, and government employees who do not now contribute to the system. While no one member is happy with every specific recommendation, the important fact is that a consensus was reached on how to save the system. The bipartisan reform package, which we plan to introduce into the Senate with Senators Heinz, Moynihan, and others, and into the House, merits speedy Congressional action.

Agreeing on the essential provisions of a social security solution was by no means the only accomplishment of the commission. It should be noted that the commission reached unanimous agreement on the size of the short- and long-term deficits in the social security cash benefit programs (old-age and survivors insurance and disability insurance). That is, in concrete dollar terms, the commission quantified the seriousness and the urgency of the financing problem. In our judgment, $150-$200 billion is the amount required to keep the system (excluding medicare) solvent through 1990. Over the very long term, the next 75 years, the needs of the system amount to about $25 billion a year (in 1983 dollar terms) over and above currently scheduled tax income. Only a year ago, partisan lines were drawn between those who did and did not believe there was any financing problem at all before the year 2000.

In addition, the National Commission provided a valuable forum for the diverse views on social security. With the able leadership of Chairman Alan Greenspan and with the expert assistance of Executive Director Robert Myers, members of both political parties were able to work together in studying the social security financing problem and options for financial reform. The interests of the elderly, organized labor and business, and the general taxpayer were all well represented. In recent weeks, we engaged in intensive negotiations which were, to a large extent, absent of the political partisanship that so seriously damaged efforts for responsible reform in 1981.

Finally, we believe the commission's recommendations are significant in that they narrowed the range of realistic options for closing the deficits. Realistic options were not judged to include, nor was there any support for, proposals to reduce or eliminate benefits for people now on the rolls. Options under consideration involved restraining the growth of benefits in future years and providing additional financing through some form of revenue increase. Current and future beneficiaries should be reassured by the unanimously held view that social security is an important and vital program that must be preserved.

With these accomplishments under our belts, we in Congress are in a strong position to hammer out the details of legislation in the early months of the 98th Congress. The expiration of interfund borrowing and the likely inability of the retirement program to pay full benefits in July make prompt action essential.

The financing problem

While the commission report accurately reflects the size of the social security financing problem, perspective may be provided by some additional facts. Most importantly, without prompt Congressional action, the social security retirement program will not be able to pay benefits on time beginning in July. In fact, were it not for "interfund borrowing," authorized by Congress in 1981 to permit the reserves of each social security trust fund (old age and survivors insurance, disability insurance, and hospital insurance) to be used to help pay benefits from another, the retirement program would have stopped meeting its monthly payments on time two months ago. With the authority for interfund borrowing now expired (as of December 31, 1982), July is when all of the money borrowed from the other two trust funds—$17.5 billion in total—finally runs out.

Reauthorizing interfund borrowing can not help the retirement program for long. The retirement program is so large—accounting for 73 percent of all social security spending—and its borrowing demands are so heavy, the rest of the system could be insolvent before the year is out. The Social Security Board of Trustees, the Congressional Budget Office, and a wide variety of private actuaries and economists all agree that additional trust fund revenues must be provided or savings must be achieved if the social security system is to remain solvent through the remainder of this decade.

While it is the short-term financing problem that is immediately pressing, the long-term financing problem is equally serious, if not more so. The Social Security Board of Trustees reports that the combination of the baby-boom generation retiring and gradually lengthening lifespans will lead to a dramatic increase in the cost of social security—about 55 percent between 2005 and 2035 alone. In the year 2035, when the young people of today are beginning to retire, the actuaries expect that the elderly population will account for 21 percent of the overall population (as compared to 11 percent today), and the typical 65 year old will have a life expectancy of 17 years (as compared to 14.5 years today). The effect will be to decrease the ratio of taxpayers to beneficiaries from just over 3:1 today to 2:1, helping to generate the anormous long-term deficits we now foresee.

According to the social security actuaries, the long-term deficit in the non-medicare social security programs is 1.8 percent of taxable payroll. This is the figure adopted by the National Commission. To translate, it means that over the next 75 years, the actuaries project that benefits will outstrip payroll tax income, in dollar terms, by about $25 billion per year, or $2 trillion in total (expressed in 1983 dollar terms). Including medicare, the long-term deficit has been estimated at 7.01 percent of taxable payroll, or nearly $8 trillion in total.

How much does the system need?

How much the system needs in additional financing depends on how we expect the economy to perform in the years ahead and how much of a "safety margin" is accumulated in reserves. Each set of forecasts provides a different view of the needs of the system, as illustrated in the table below.

ADDITIONAL RESOURCES REQUIRED IN THE NEAR-TERM TO BRING OASDI RESERVES UP TO CERTAIN LEVEL [1]

[In billions]

	Additional resources required [2]		
	CBO	1982 trustees' intermediate (II-B)	1982 trustees' pessimistic assumptions
Percent of 1 year's expenditures desired at beginning of 1990:			
9 percent (1 mo)	56.6	62	187
13 percent	68.7	70	195
15 percent	74.7	74	200
20 percent	89.9	88	216
30 percent	120.1	113	246
50 percent (6 mo)	180.7	163	303

[1] Table includes the effects of the Tax Equity and Fiscal Responsibility Act of 1982. Target reserve levels are attained in even annual increments.
[2] CBO estimates and trustees' estimates are not directly comparable because CBO numbers include added interest on larger trust fund balances, while trustees' numbers do not.

The commission settled on $150-$200 billion as the amount required in the years 1983-89 to ensure the solvency of the system through 1990. This is roughly consistent with achieving a reserve ratio (reserves relative to annual outgo) of 15 percent by 1990, under the 1982 Board of Trustees' pessimistic assumptions.

Several points are worth noting in this regard. First, planning for a low growth decade is prudent in light of the experience during the 1970s. (The pessimistic assumptions in the 1982 Board of Trustees Report project the economy will perform much like in the past 5 years.) The failure to anticipate, both in 1972 and 1977, that prices would grow more rapidly than wages, and therefore benefits would grow more rapidly than tax income, is why we are in the situation we are in today. Second, a reserve ratio of 15 percent is not, in and of itself, a "goal". At this level, reserves would be lower than at any point in history. Accumulating considerably larger reserves is desirable, although this would be difficult to do very quickly. We believe we express the views of all members of the commission when we say that it is our hope that the economy will perform better than we assumed when we made our estimates and that a larger reserve cushion will accumulate. Finally, if the medicare program were under consideration as well, the reserve needs of the system would be considerably higher.

Not a new problem

Given the partisan debate that raged over social security in 1981, some people may have lost sight of the fact that the financing crisis is *not* a new problem. Trust fund reserves have been on a down-hill course for years. As the table below indicates, prior to 1970, there were always reserves on hand capable of financing a year's worth of benefits or more—that is, reserves equal to 100 percent or more of annual outgo. By 1976, reserves had fallen to 57 percent of outgo, and today, the combined reserves of the system stand at about 15 percent of annual outgo, only 8 weeks worth of benefits. The situation is even worse, at least today, when medicare is excluded.

HISTORICAL OASDHI RESERVE RATIOS, 1950–83

[Assets at the beginning of each year as a percent of outgo during the year]

Calendar year	Trust funds				
	OASI and DI combined	OASI	DI	HI	OASDHI
1950	1,156	1,156	.....	.....	1,156
1955	405	405	.....	.....	405
1960	186	180	304	.....	186
1965	110	109	121	.....	110
1970	103	101	126	47	95
1971	99	94	140	54	93
1972	93	88	140	47	87
1973	80	75	125	40	76
1974	73	68	110	69	73
1975	66	63	92	79	69
1976	57	54	71	77	60
1977	47	47	48	66	50
1978	37	39	26	57	40
1979	30	30	30	54	34
1980	25	23	35	52	29
1981	18	18	21	45	23
1982	15	15	17	53	22
1983 [1]	11	8	11	39	16

[1] Estimated using trustees intermediate, (II–B) assumptions

Source: 1982 OASDI and HI trustees' reports.

HISTORICAL LEVELS OF OASDHI TRUST FUND ASSETS, NUMBER OF MONTHS' WORTH OF BENEFITS ON HAND

Calendar year	Number of months' worth of expenditures on hand at beginning of year		
	OASDI	HI	OASDHI
1950	138.7	.....	138.7
1960	22.3	.....	22.3
1965	13.2	.....	13.2
1970	12.4	5.6	11.5
1975	8.0	9.4	8.3
1980	2.9	6.2	3.5
1982	1.8	6.3	2.6

Among other public groups to report in the last 5 to 10 years, the social security advisory councils of 1975 and 1979, an expert consultant panel of actuaries and economists, reporting in 1976, and President Carter's Commission on Pension Policy and the National Commission on Social Security, both reporting in 1981, all underscored the seriousness of the short- and long-term financing problem. Social security's financing problem dates to the early 1970s and even earlier, when Congress increased benefits and expanded eligibility without facing up to the cost of doing so.

The time for action is now

There is no denying that we have a big job ahead of us in Congress. We face many difficult decisions as to the details of the legislation, and the adequacy of the measures proposed. The balance of the long-term deficit will also have to be addressed. In our view, a balanced solution to this problem will involve bringing the cost of social security into line with the ability of our working population to finance the system. The tax burden is already heavy, and the confidence of young people critically low. As reflected in the additional views, a majority of commission members recommends increasing the retirement age, for people retiring in another 20 or 30 years, as an equitable way of reducing long-range costs.

The American people—the 36 million people receiving benefits as well as the 116 million working people who support the system—deserve more than another "quick fix" that holds the system together until the next crisis comes along. They deserve the speedy consideration of this bi-partisan package of recommendations. Confidence in the long-term viability of social security will only be restored by enacting measures that put the system back on a sound financial footing and do so without imposing an unrealistic tax burden on present and future workers.

Within a matter of weeks, the House Ways and Means Committee and the Senate Finance Committee will begin the task of weighing the options and then drafting social security financing legislation. We feel confident that the essential elements of the reform package we now recommend, as endorsed by President Reagan, Speaker O'Neill, Majority Leader Baker and others, will be adopted by the Congress and enacted into law by May. Moving quickly to shore up the nation's largest domestic program is in all of our interests.

STAFF OF THE COMMISSION

Finally, in connection with the role of the staff of the Commission, the Senator from Kansas would, at this time, like to pay special tribute to Robert J. Myers, the Executive Director. Mr. Myers has been associated with the social security program from its very beginning in 1934. He was Chief Actuary of the Social Security Administration from 1949–1970, and Deputy Commissioner in 1981 prior to becoming Executive Director of the Commission.

Mr. Myers' extensive knowledge of social security was invaluable to the work of the Commission and contributed to its success in completing its assignment. The Senator from Kansas is pleased that Mr. Myers is continuing his service to social security by currently serving as a consultant to the Committee on Finance.

The Senator from Kansas also wishes to take this opportunity to express his appreciation to the professional staff of the Commission for their part in this great and successful endeavor. The staff labored long and excellently in providing the members with data and with comprehensive explanations of the complex issues involved and the possible methods of solving the financing problems.

The staff members were as follows:[1]

Executive Director: Robert J. Myers.

Professional staff: Nancy J. Altman, Merton C. Bernstein, E. Annette Coates, Suzanne B. Dilk, Renato A. DiPentima, Susan A. Dower, Elizabeth T. Duskin, Timothy J. Kelley, Eric R. Kingson, Edward F. Moore, Virginia P. Reno, Bruce D. Schobel, and Carolyn L. Weaver.

Support staff: Laurie A. Brown, Ercell C. Campbell, Elisabeth J. Darling, Wanda G. Moody, Edward E. Mosley, Tracey A. O'Donnell, Isabel R. Paurowski, Carol J. Upperman, and Doris C. Washington.

[1] Some of these individuals were on the staff for only part of the duration of the Commission, and some were part-time employees.

Mr. BENTSEN. Mr. President, I think that it is important to bring to the attention of my colleagues that the provision of the social security reform legislation which raises the retirement age to 66 will widen the gap between when airline pilots retire and when they are eligible to receive their social security benefits. Airline pilots are the only group in private industry that Federal regulations require to retire by the age of 60. The Federal Aviation Administration established this regulation in order to protect the safety of the American public, and I hope that my colleagues will bear this situation in mind as we are debating the social security reform measure before the Senate today.

Mr. JEPSEN. Would the distinguished chairman of the Finance Committee yield to me for a few questions about the self-employment section of the bill?

Mr. DOLE. I would be happy to do that.

Mr. JEPSEN. As the manager of the bill knows, there are many farmers who are very concerned about the increase in the self-employment tax. What with farm prices so low and interest payments so high, I have been contacted by many farmers who are worried that the proposed increase could put them out of business. Could the chairman just take a minute and briefly explain the increase and how the tax credit will work to offset some of the tax rate increase.

Mr. DOLE. Under the bill reported by the Finance Committee, the OASDI and HI taxes paid by the self-employed would be conformed to the combined rates already paid by employers and employees. This means that OASDI rates for the self-employed will rise from 75 percent of the employer-employee rate, and HI rates for the self-employed will rise from 50 percent of the employer-employee rate. The result of this will be in 1984, to increase the combined OASDHI rate paid by the self-employed from 9.35 percent to 14 percent.

I would add that conforming the OASDI self-employed rates to the combined employer-employee rate was a major part of the bipartisan agreement set forth by the National Commission. In conforming the HI rate to the combined employer-employee rate, the Finance Committee was following the lead of the House-passed bill. The main difference in our bill is the amount of the credit against the self-employed taxes that we allow: Our credit is more generous in each year and goes further in offsetting the effect of the self-employment tax rate increases.

Mr. JEPSEN. Now, could you give us some idea of what the actual increase would mean for an individual farmer who has a net farm income of $15,000?

By this, I mean, could you tell us what the social security taxes would have been under current law, under the House-passed version of the bill, and under the Senate-passed version?

Mr. DOLE. Yes, and I think that comparison speaks well for our version of this legislation. Under current law, a self-employed individual with self-employment income of $15,000 in 1984 would pay $1,478 in self-employment taxes and $1,801 in income tax. Under the House-passed bill—which provides a 2.1-percent credit against self-employment tax in 1984—the net tax increase for that individual would be $307 in 1984. But under the Finance Committee bill, the net increase would be only $187. That is a significant difference, $120, and it results from the fact that the Finance Committee provided a 2.9-percent credit for the self-employed in 1984.

Mr. JEPSEN. Now this tax credit, unlike the tax credit employees will get in 1984, it will continue, is that correct Senator? Can I have the assurance of the distinguished chairman that he will work in conference to make sure that the Senate's version of the tax credit is the one which is finally adopted?

Mr. DOLE. The Senator is correct. We have provided a permanent credit against self-employment taxes, defined as a percentage of self-employment income subject to those taxes. The credit amount does vary: 2.9 percent in 1984, 2.5 percent in 1985, 2.2 percent in 1986, 2.1 percent between 1987 and 1989, and 2.3 percent in 1990 and after.

I can assure the Senator that the members of the Finance Committee were very much concerned about the problems these higher tax rates cause for the self-employed. This package does call on everyone to sacrifice a bit, but we did not feel the self-employed should be asked to give up more than their share. I am confident that our Senate conferees will share that view, if our version is adopted here, and will work with me to preserve the Senate's position in conference.

Mr. JEPSEN. Suppose a farmer had no net farm income during the tax year, something that is all too common nowadays, would the farmer have to pay any social security tax?

Mr. DOLE. No; the farmer would not have to pay any social security tax.

Mr. JEPSEN. A number of farmers have indicated to me that because of the tax break an employer gets with regard to his portion of the social security tax, there is a strong incentive in this bill for farmers to incorporate and operate their farms as corporations rather than as self-employed businessmen and women. Could the chairman comment on this. Is it your opinion that the proposal with regard to the self-employed constitutes a strong incentive to incorporate?

Mr. DOLE. It may be true that farmers who pay taxes in the upper brackets—where the deduction for the employer's share becomes most meaningful—there may be some reason to prefer corporate status. With regard to lower and moderate income farmers, this should not be much of a problem. In fact, the reason both the House bill and our bill adopted the SECA credit approach was to equalize the tax relief among different income groups, which the deduction proposed by the National Commission would not have done. In any event, I would say to the Senator, if there is such an incentive it already exists under present law: I do not know that there would be many situations where the increase in self-employment taxes per se would provide a strong additional incentive to incororate. Certainly that is not the intention of our committee, nor was it the intention of the National Commission.

Mr. JEPSEN. What about the tax break an employer receives relative to his portion of the social security tax. Does that not have a tendency to discriminate against the self-employed businessman because he cannot take advantage of that tax break?

Mr. DOLE. As the Senator may know, the original proposal by the National Commission was to allow the self-employed a deduction for half of the social security taxes they pay, to be taken for income tax purposes. We, like the House, have provided a credit instead of a deduction that is more equitable and more generous to the self-employed. Therefore, I would not agree that the Finance Committee bill, in this regard, is less generous to the self-employed than it is to employers. After all, employers do not get the credit against social security tax that we have provided for the self-employed.

Mr. JEPSEN. I appreciate the responses of the distinguished chairman of the Finance Committee. I believe his answers will help many farmers have a better understanding of what this proposal will mean for them so they can plan accordingly.

Mr. GRASSLEY. Mr. President, I take this opportunity to comment on a small and perhaps little noticed provision of the social security bill. The provision, which embodies a bill I introduced earlier this year, disallows social security benefits to incarcerated felons. My thanks go to Chairman DOLE of the Senate Finance Committee for his efforts to incorporate my bill in the finance committee package.

Section 123 of S. 1 places limitations on social security payments to prisoners by making inmates of penal institutions ineligible for social security benefits. It should be noted that an individual's right to the benefits would be restored upon parole, pardon, or completion of the sentence. Furthermore, benefits for any eligible dependents would continue to be paid. It is not my intent to take such dependents off of social security's role, and place them on welfare roles.

This measure is an extension of legislation adopted by the 96th Congress which tightened up eligibility requirements for prisoners receiving disability insurance. However, it goes a step or two further by eliminating the loophole whereby incarcerated felons could receive disability insurance if they were enrolled in a rehabilitation program; and also by halting retirement payments to prisoners.

The basic goal in adopting such a law is not to generate revenues. While we cannot become so accustomed to talking about billions of dollars that we forget to pick up a million or two when given the opportunity, the thrust of this provision is to restore confidence in the social security system. Such public confidence is sorely lacking among today's workers and retirees. I am sure all of my colleagues have heard comments from their constituents maligning the fact that prisoners are receiving social security benefits. Such a discovery does not set well with Americans who are already paying hard-earned dollars though their taxes for the support of such prisoners. It is inconceivable that Congress can consider increasing taxes, or can consider slowing the growth in benefits for future retirees, without addressing such an obvious inequity in the current system.

The inclusion of this change will send a much-needed signal to Americans that Congress is serious about preserving the integrity of social security. One issue that has surfaced again and again throughout the consideration of social security reforms is the lack of public confidence in social security. We can begin to restore such confidence and a sense of fairness with provisions such as this.

Again, I thank the chairman for his assistance in seeing this provision included in the final Finance Committee report. Our efforts to eliminate similar aberrations in the social security system should not stop here. We should continue in this vein to halt the draining of scarce social security funds to such unintended recipients.

● Mr. PACKWOOD. I would like to ask clarification of a point raised by S. 1, the social security bill. Section 150 of S. 1 adds to the Internal Revenue Code new sections 3121(r)(1)(B) and 3306(v)(1)(B) which include in the definition of wages for social security and unemployment tax purposes any employer contribution to a cafeteria plan which includes a qualified cash or deferred arrangement to the extent the employee had the right to choose cash, property, or other benefits which would be wages for those pur-

poses. I understand this to mean that, if a cafeteria plan does not include a qualified cash or deferred arrangement, employees who elect benefits such as day-care assistance, which are not otherwise subject to social security tax or unemployment tax, will not be subject to those taxes solely because they could have chosen cash, property, or other benefits that would have been subject to those taxes.

Mr. DOLE. That is also my understanding of the intent and meaning of these provisions.

Mr. DURENBERGER. Regarding these same provisions mentioned by Senator PACKWOOD, I understand that a cafeteria plan will not be considered to include a cash or deferred arrangement unless the cafeteria plan contains provisions whereby contributions to the plan may be applied to provide benefits under the cash or deferred arrangement or vice-versa. In other words, these provisions will not apply solely because an employer offers a cafeteria plan with cash as one of the benefits and also offers a separate qualified cash or deferred arrangement.

Mr. DOLE. That is also my understanding of the meaning and intent of these provisions.●

EMERGENCY JOBS APPROPRIATIONS 1983—CONFERENCE REPORT

Mr. BAKER. Mr. President, at long last, I am prepared to ask the Chair to lay before the Senate and I do now ask the Chair to lay before the Senate a conference report on H.R. 1718.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1718) making appropriations to provide emergency expenditures to meet neglected urgent needs, to protect and add to the national wealth, resulting in not make-work but productive jobs for women and men and to help provide for the indigent and homeless, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of March 21, 1983.)

The PRESIDING OFFICER. Is there debate on the conference report?

Mr. HATFIELD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. STENNIS. Mr. President, will the Chair maintain order? This is a highly important matter.

The PRESIDING OFFICER. The Senate will be in order.

Mr. BAKER. Mr. President, will the Senator yield to me for a moment?

Mr. HATFIELD. Yes, I am happy to yield.

ORDER FOR RECESS UNTIL 9:00 A.M. TOMORROW

Mr. BAKER. Mr. President, I have just conferred with the distinguished chairman of the Committee on Finance. I wish to announce to the Senate that when we finish this conference report, we shall have been in session much longer than 14 hours today. That is a long, long time. I propose that we finish this conference report and then go out for the evening, what is left of it.

Before I yield the floor, Mr. President, I ask unanimous consent that when the Senate completes its business tonight, it stand in recess until the hour of 9 a.m. tomorrow.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. McCLURE. Reserving the right to object—and I do not object—might I inquire of the majority leader what that does to committees that have business sessions tomorrow and under the standing rule would have to terminate at 11 a.m. unless we have permission?

Mr. BAKER. Mr. President, let me do this. As far as I am concerned, I am willing to do what we did the other day. Since that is an unusually early hour, Mr. President, I also ask unanimous consent that all committees have until 2 p.m. tomorrow in which to meet.

Mr. President, I have to withdraw that request.

Mr. President, I will make a request in that respect in a few moments.

Mr. DOLE. Will the Senator yield?

Mr. BAKER. Yes.

Mr. DOLE. I am wondering when we do go out if we might lay down one of the amendments of the distinguished Senator from Montana (Mr. BAUCUS) so that will be pending.

Mr. BAKER. Mr. President, before we go out tonight, I will ask the Senate to go back to this bill so we can lay down an amendment.

The PRESIDING OFFICER. The Chair recognizes the Senator from Oregon.

The Chair will advise the Senate staff members, all people in this Chamber who are not Senators, if they are not in their seats, we will vacate the Chamber.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

EMERGENCY JOBS APPROPRIATIONS 1983—CONFERENCE REPORT

The Senate resumed consideration of the conference report.

Mr. BAKER. Mr. President, if I may have the attention of the managers of this matter, I am advised that there is at least one requirement for a rollcall vote on the adoption of the conference report. I gather from the fact that nobody has been speaking on that subject that we are close to voting on it.

I ask for the yeas and nays on the conference report, Mr. President.

The PRESIDING OFFICER. Is there a sufficient? There is a sufficient second.

The yeas and nays were ordered.

BUDGET ACT WAIVER

Mr. HATFIELD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. HATFIELD. I think this unanimous-consent agreement has been cleared on both sides of the aisle. Mr. President, I ask unanimous consent, pursuant to section 904 of the Budget Act of 1974, that section 311 of the Budget Act be waived for consideration of the conference report on H.R. 1718 and the amendments in disagreement thereto.

The PRESIDING OFFICER. Is there objection?

The Chair hears none, and it is so ordered.

Mr. HATFIELD. Mr. President, the conference agreement on H.R. 1718, the urgent supplemental jobs bill, provides for a total of $15.5 billion in new budget authority for fiscal year 1983. Of that amount, $10.9 billion is for urgent supplementals requested by the administration for the Commodity Credit Corporation, for the Small Business Administration, and for the unemployment compensation trust fund. The remaining amount, $4.6 billion, is for the jobs portion of the bill.

Mr. President, I believe that this is a commendable result, and I certainly urge the adoption of the conference report. The agreement on the jobs title represents an equitable balance between the $4 billion level passed by the Senate and the $4.9 billion passed by the House. Most of the interests of Senators have been accommodated within the constraints necessary to achieve Presidential approval of this measure, and after conversations with Mr. Stockman earlier today I am confident that the bill will be signed by the President. That will mean replenishment of funds necessary to make loans to States for payment of unemployment compensation benefits and a new Federal jobs initiative to create productive jobs and relieve unemploy-

ment resulting in capital assets of lasting value to the Nation.

Mr. President, I yield to the ranking member of our committee, the Senator from Mississippi (Mr. STENNIS).

Mr. STENNIS. Mr. President, I thank the Senator. There has been a great deal of work done on this report after it left the House of Representatives tonight. The ball was carried by the Senator from Oregon, as usual, in a very fine way. I commend him highly and thank him formally for what he has done. He has played a great role in this major bill, and I agree wholeheartedly with the recommendations that he is about to make, which I think are very important, indeed. It is a good conference report.

● Mr. BOSCHWITZ. Mr. President, I rise to compliment the Appropriations Committee, the Senate, and the House, for their efforts to responsively and creatively address the issue of a 10.4-percent national unemployment rate.

We have put together a multifaceted approach that does more than pour Federal dollars into new construction projects. The bill targets dollars to areas hardest hit by unemployment and it makes an honest effort to address the issue of long-term structural unemployment versus recession-related unemployment. Making such a distinction is not easy because being unemployed is painful no matter what the cause.

I have felt for many months that the Federal Government's past approach to lowering unemployment was ineffective and one-dimensional. Public works, countercyclical jobs programs, arrived too late and hung around too long—provided unneeded stimulus during the peak of the recovery, and nothing at all during the lowest points.

This time we are offering relief at the beginning of the recovery and projects included in this bill were chosen specifically because they could either be started up rapidly or are already underway.

By concentrating the funding on the block grant programs we are letting local officials target the money to the areas most in need.

But this bill does more than this. It also increases funding for retraining and education programs. When this current recession is over and the jobs lost because of it have been regained, we will still be left with the issue of structural unemployment. This is why retraining programs are so important. Senator QUAYLE has shown outstanding leadership in this area and I applaud his efforts.

Minnesota's unemployment rate hit 10.4 percent in January, up from 9.3 percent in December and 8.6 percent in November. While the Nation's average has stabilized or declined slightly, unemployment has been climbing steadily in Minnesota. And what we needed to do was vividly brought home to me in January when I went up to Minnesota's Iron Range with our Governor for a town meeting on jobs.

Unemployment on the Range is over 20 percent, with pockets of the area experiencing two or three times that rate. They need some assistance.

Mr. President, this bill will not solve all the problems of the unemployed, nor will it create "full" employment. However, it is a responsible and humanitarian bill and I support it.●

NATIONAL CENTER FOR TOXICOLOGICAL RESEARCH

Mr. PRYOR. Mr. President, I want to thank the conferees on behalf of the Senate, for their efforts to retain $17 million in funding for the National Center for Toxicological Research (NCTR), which was included in the Senate version of the jobs bill but reduced to $875,000 during the House-Senate conference.

Although I am disappointed that such a large portion of the funding was deleted, I believe the action of the conference committee represents an important step in the effort to secure necessary funding for this valuable research arm of the Food and Drug Administration (FDA).

As the Senate recognized, there is a need for increased Federal assistance for NCTR. I am hopeful that we can provide this funding in the FDA budget for fiscal year 1984. I am certainly eager to assist in any way in identification and development of information which will demonstrate the value to the Nation of such funding.

I am hopeful that this matter can receive priority attention from the Appropriations Committee during its deliberations. I would certainly appreciate any consideration the distinguished chairman of the Appropriations Subcommittee on Agriculture could provide this very worthwhile program.

Mr. COCHRAN. Mr. President, I appreciate the comments of the distinguished Senator from Arkansas concerning the funding of this important research center. He is correct that the Appropriations Subcommittee of Agriculture feels that this is an important undertaking. The Senate version of the jobs bill did, in fact, contain $17 million for the National Center for Toxicological Research. I assure my colleagues that our subcommittee will give close consideration to further funding for the construction of the center in the context of the fiscal year 1984 cycle, and beyond. While 1984 will be a difficult budget year, especially for construction projects, we will nevertheless give careful scrutiny to this important activity. I appreciate very much Senator PRYOR's interest in this project.

● Mr. WILSON. I would like to engage in a colloquy with the distinguished chairman of the Transportation Subcommittee from North Dakota, Senator ANDREWS, to clarify the intent of a provision agreed to by the conferees. The $2.3 million designated for the cable car rehabilitation program in San Francisco is meant to supplement the $12.5 million which the city is already expecting to receive from UMTA in fiscal year 1983. Further, receipt of the $2.3 million in fiscal year 1983 does not preclude San Francisco from applying to UMTA for additional fiscal year 1983 section 3 discretionary funds to carry out the full amount promised by the "Letter of Intent" issued for the program to accelerate their transit improvement program even more.

In sum, the amount of funds the cable car rehabilitation program is eligible for is not increased by the conference agreement over the amount negotiated last year between the city and UMTA; their receipt of the funds is simply accelerated.

Let me also say here, that I share my colleague's concern that the required local match for the program is not in any way diminished by early receipt of these funds. The city has assured me that their local contribution remains enthusiastically committed.

Does my statement echo the understanding of the distinguished Senator from North Dakota?

Mr. ANDREWS. The Senator from California is correct in his interpretation of the conference report with regard to the San Francisco provision.●

Mr. HUDDLESTON. Mr. President, I urge adoption of the conference report on H.R. 1718, the appropriations job bill.

While there are indications that the economy is beginning to recover from the severe recession of the last year and a half, millions of U.S. citizens remain out of work.

We must do everything we possibly can to stimulate the creation of jobs; and we must provide food and other humanitarian aid to jobless workers and other citizens in need.

As the ranking Democrat on the Committee on Agriculture, Nutrition, and Forestry, I am particularly pleased that, under the conference report, H.R. 1718 addresses the nutritional needs of our citizens suffering from the effects of the recession. The bill also provides funds for important rural community facility, and flood prevention projects, and for reforestation activities; and it restores the borrowing authority of the Commodity Credit Corporation.

NUTRITIONAL FUNDING

In additional funding, $100 million will be made available for the special supplemental food program for women, infants, and children (WIC) for fiscal year 1983. States will receive

additional allocations of funds for this fiscal year so that they may increase their caseloads beyond the current levels; $75 million in additional funding will be made available for section 32 surplus removal operations involving perishable agricultural commodities. The additional money will be used to acquire and distribute surplus agricultural commodities in areas of high unemployment. The commodities will be made available for use at cooperative emergency feeding facilities for indigent persons. The new section 32 funds will be accounted for separately, and be in addition to existing funds held in reserve to support the price of perishable commodities. Also, the Secretary of Agriculture will be required to purchase domestically produced fresh and processed fishery products with section 32 funds and distribute these products to eligible recipient agencies.

Under the bill, the Secretary of Agriculture will also distribute surplus agricultural commodities to the needy, making available Government-owned surplus commodities—including dairy products, rice, soybeans, and honey—at no cost, to eligible recipient agencies; $50 million in funds will be made available to the States for storage and distribution costs, of which not less than $10 million will be made available for paying the actual costs incurred—by charitable institutions, food banks, hunger centers, soup kitchens, and similar nonprofit organizations providing nutrition assistance—in addressing situations of emergency and distress through the provisions of food to needy persons, including low-income and unemployed persons.

RURAL PROGRAMS

The bill provides additional funding for the Farmers Home Administration water and waste disposal facility loan and grant programs. The Farmers Home Administration, through its water and waste disposal facility programs, provides rural areas with safe drinking water and sanitary waste disposal systems. There is a pressing demand for these programs and the backlog of applications is extensive.

The bill provides for a significant increase in the funding of soil conservation service watershed and flood prevention operations.

Under the watershed program, SCS enters into cooperative efforts with local sponsors, State, and other public agencies to install planned works of improvement in approved watershed projects. Such works of improvement reduce erosion, flood water, and sediment damage.

Flood prevention operations include planning and installing works of improvement for flood prevention and for the conservation, development, use, and disposal of water. They can also include the development of recreational facilities and the improvement of fish and wildlife habitat.

The bill provides for a modest increase in funding for the resource conservation and development program. The RC&D program is designed to assist locally sponsored resource conservation and development projects that conduct programs of land conservation in areas where acceleration of present conservation activities is needed and where projects add economic opportunites for the people.

The bill also provides for an increase in funding for the Forest Service reforestation program. These funds are used to reforest national forest system lands, improve timber growth, and protect valuable timber resources.

OTHER DEPARTMENT OF AGRICULTURE PROGRAMS

The bill provides $5.7 billion to reimburse the commodity credit corporation for estimated fiscal year 1983 losses. This supplemental funding is necessary to continue the operation of important farm and agricultural export programs without interruption. With this funding, the Corporation will be able to carry out commodity loan programs, make reserve storage payments, and continue export market development activities. With farm prices and income at disastrously low levels, we must make every effort to assist farmers to cope with the adverse financial conditions they face. This supplemental funding will insure that the existing programs are allowed to continue without interruption.

The bill also provides $3 million for the repair and maintenance of Agricultural Research Service facilities. Research is a key component of any program for sustained growth in our agricultural production capability, and we must insure that, even in this time of budget austerity, our facilities are properly maintained.

CONCLUSION

Mr. President, today's double-digit unemployment figures are simply unacceptable. There will be no so-called recovery until people are able to return to work.

This legislation will foster increased employment and provide food and other humanitarian aid to the jobless and others in need.

I urge my colleagues to join me in voting to adopt the conference report.

Mr. DOLE. Mr. President, the Senator from Kansas commends members of the Senate and House Appropriations Committees on their speedy resolution of the conference on H.R. 1718 yesterday. I thank the distinguished Senator from Oregon, the chairman of the committee, for the good work he has done on behalf of the emergency food assistance provisions contained in H.R. 1718, which were adopted by the conference committee in the form of a Hatfield substitute. The provision concerning the distribution of surplus agricultural commodities to needy people within our society was patterned after S. 17, the Domestic Commodity Distribution and Food Assistance Act of 1983, which was introduced by this Senator along with many of the same colleagues who sponsored the Hatfield amendment.

Although I would have preferred to see this kind of commodity distribution program authorized for a longer period than 6 months, still, it is a start, and will provide a temporary implementation stucture to provide surplus agricultural commodities to food banks, soup kitchens, and other nonprofit charitable organizations that assist needy individuals and families who have been suffering from the extreme effects of the current, prolonged economic recession. These eligible recipient agencies should receive priority consideration in the distribution of these surplus agricultural commodities from the Commodity Credit Corporation.

EVOLUTION OF THIS CONCEPT

Mr. President, since it was introduced on the first legislative day of the 98th Congress, S. 17 has undergone many changes. The jobs bill conference report before us contains yet another version of this same concept. The Senator from Kansas thinks that it is appropriate that some form of emergency food assistance be enacted in the context of this recession relief package. I appreciate the efforts of those who have been involved in keeping this concept alive in the jobs bill.

While S. 17 and its companion bill in the House await further congressional action in order to authorize a more lengthy and detailed commodity distribution program, what is included in the jobs bill is a necessary beginning. As soon as the President signs this bill, the program can go into effect, providing emergency food assistance to eligible recipient agencies who can utilize agricultural surpluses in feeding low-income and unemployed individuals who are in need of food. In the meantime, since this program has only been authorized through the end of this fiscal year, we can work on getting an authorization through the Congress that will continue and perhaps improve upon the structure that will be in place as a result of the jobs bill.

SUPPLEMENTAL NUTRITION EFFORT

Mr. President, this Senator has been concerned from the start with the increasing frequency of reports that the lines in soup kitchens across this country are growing—that individuals who would previously never have been required to seek this kind of help now find themselves in a position of last resort due to the general state of the economy and the increase in unemployment. We all hope this recession is now turning around, and that people will be able to go back to work soon, but temporary emergency situations

often require temporary solutions. This legislation is supposed to provide this kind of assistance. For whatever reasons, there are a lot of people out there who are not being reached or satisfied by the existing nutrition program structure. This commodity distribution program is intended to complement existing nutrition programs, because some kind of emergency food assistance seems appropriate in these difficult economic times.

FUNDING FOR FOOD ASSISTANCE

Mr. President, the compromise food assistance provisions contained in H.R. 1718, as a result of yesterday's conference, contains $50 million to be spent on intrastate distribution and storage, with at least $10 million to go to local food banks and other charitable organizations for distribution and storage at that level. Distribution of these commodities from the Department of Agriculture to the States, as well as initial processing into products suitable for home or institutional use, would be paid for by the Commodity Credit Corporation.

In addition to the emergency commodity distribution program, H.R. 1718 contains $100 million for the special supplemental program for women, infants and children (WIC). This Senator thinks that this is a very worthwhile investment in the nutritional well-being of this very vulnerable part of our low-income population. As my colleagues are aware, this Senator has always been very supportive of the WIC program—in fact, there has traditionally been strong bipartisan support for this program in the Congress. I cannot think of a more worthwhile nutrition program that deserves this additional funding—there has never been a time in its history when the program was able to cover all of the potential eligible population. Currently, only about one-third of the women, infants, and children who could be served are being reached by the benefits of this program.

COMMODITIES AVAILABLE

Mr. President, one part of the original S. 17 that has been retained intact is the section which expands the category of "bonus" commodities to include products other than wheat, rice, corn, soybeans, and whatever else the Secretary of Agriculture declares to be in surplus. Previously, only dairy products, like cheese and butter, were available on this basis. However, as of yesterday, the President has announced that the Department of Agriculture is already taking steps to expand the availability of other types of commodities, like rice, cornmeal, and nonfat dry milk. And I congratulate the President for taking this action without waiting for this bill to pass.

CONCLUDING REMARKS

Mr. President, although this Senator would have preferred that the emergency food assistance provisions in this bill be extended beyond a 6-month period, I also realize that the Appropriations Committees would have been setting a precedent by allowing the implementation of a more permanent new program by this route. I respect the judgment of the conferees on this question, and plan to follow through with the S. 17 initiative at the first opportunity in order to conclude the proper authorization process.

It has seemed to this Senator that a program of this nature is a commonsense approach to fulfilling two needs—we are getting rid of agricultural surpluses at the same time that we are providing food to needy Americans. To those of us in our country who will not tolerate the reality that, in this land of great agricultural abundance, there can be people who have been suffering from hunger and malnutrition, this provides a temporary solution to certain problems that exist. Agricultural surpluses are now at the point where they are overloading our capacity to store them through the Commodity Credit Corporation, and it seems only sensible that we should make them available as food to those who need this kind of assistance in our local communities.

Again, I thank the distinguished chairman of the committee, Mr. HATFIELD, for following through and supporting this initiative from the beginning. I also thank the distinguished chairman of the Agriculture Appropriations Subcommittee for his assistance. I also appreciate the efforts of the Senator from Kentucky (Mr. HUDDLESTON), who is also the ranking member of the Agriculture Committee—he was fortunate to be able to carry through on his good work in the Appropriations Committee. The Senator from North Dakota (Mr. ANDREWS), has also been very active in this effort.

It is the hope of this Senator that the food assistance provided for in this legislation will soon be in place to reach those who are in need and will benefit from the emergency food provisions of this bill.

Mr. HELMS. Regarding the commodity distribution program contained in title II of the conference bill, do I understand that the program, that is title II, is effective only for fiscal year 1983, thereby ending September 30, 1983?

Mr. HATFIELD. The Senator is correct. While the original Senate version had an authorizing provision for both fiscal years 1983 and 1984—and an appropriation through March 1984—the conference report contains both program provisions and an appropriation that are effective only through the end of the present fiscal year. The program is meant to be a temporary program designed to meet current needs, as the title so indicates. The only exception is that if any of the food security wheat reserve is used for purposes of this act, it shall be replenished by December 31, 1983.

Mr. HELMS. One concern which was voiced in our committee was that the program be targeted especially at food banks, soup kitchens, and other nonprofit entities serving needy persons. Is this adequately emphasized in the conference report?

Mr. HATFIELD. Yes; I believe so. It was the conferees' intention to target the assistance provided in title II to those organizations—such as food banks, soup kitchens, and similar organizations—that provide food assistance to the needy. To carry out this intent, the conference report specifies that $10 million of the $50 million appropriation is to be made available for paying the actual costs incurred by charitable institutions, food banks, hunger centers, soup kitchens, and similar nonprofit organizations providing nutrition assistance to relieve situations of emergency and distress through the provision of food to needy persons. However, such payments shall not exceed 5 per centum of the value of the commodities distributed by any such agency. The remainder of the appropriation would be available only for the costs of the States in storing and distributing commodities to these "emergency relief" organizations.

Mr. HELMS. Is there sufficient flexibility for the Secretary of Agriculture to determine what types of other organizations, if any, should be made eligible recipient agencies?

Mr. HATFIELD. Yes. There is discretion for the Secretary of Agriculture to define what other agencies, if any, may be designated for receipt of commodities under this new program. The types of organizations listed in the Senate amendment are the kinds of organizations that the Secretary could designate and approve as eligible recipient agencies. However, it should be pointed out that unless these organizations meet the Secretary's criteria of providing nutrition assistance to needy persons, the funds provided to States could not be used to cover the costs of storing and distributing commodities to these organizations.

I ask unanimous consent that the definition of "eligible recipient agencies" be printed in the RECORD at this point.

There being no objection, the definition was ordered to be printed in the RECORD, as follows:

Public or nonprofit organizations that administer—

(1) activities and projects, including those operated by charitable institutions and food banks, providing nutrition assistance to re-

lieve situations of emergency and distress through the provision of food to needy persons, including low-income and unemployed persons;

(2) school lunch programs, summer camps for children, and other child nutrition programs providing food service;

(3) nutrition projects operating under the Older Americans Act of 1965, including congregate nutrition sites and providers of home delivered meals;

(4) activities and projects that are supported under section 4 of the Agriculture and Consumer Protection Act of 1973;

(5) activities of charitable institutions, including hospitals and retirement homes, to the extent that needy persons are served, or

(6) disaster relief programs;

and that have been designated by the appropriate State agency, or by the Secretary, and approved by the Secretary for participation in the program established under this Act.

Mr. HELMS. I do not mean to labor the point, but let me understand one further point. The Secretary of Agriculture currently operates—at his discretion—a bonus commodity distribution program in connection with the school lunch program in which a broad variety of commodities are furnished to participating schools. The Senator from South Dakota, Senator PRESSLER, sponsored an amendment during earlier consideration, similar to the thrust of the Agriculture Committee's language, to insure that this new authority does not detract from or supersede the existing bonus program for the schools. Obviously, if all schools were automatically included, the appropriation would be rapidly depleted in providing transportation and storage costs for commodities furnished to schools, thus limiting this program's assistance to food banks and other agencies serving the needy. Inasmuch as schools and States already are bearing these costs under the current program, it would be highly duplicative to establish Federal funding for such expenses. I want to be certain that it is clear that we are helping the "emergency relief" agencies rather than providing new (albeit Federal) funding for old expenses now borne by the States and schools themselves.

Mr. HATFIELD. I would reassure the Senator that the funding provided in the bill is designed to aid the emergency relief organizations such as soup kitchens, food banks, and the like, not to detract from or supersede the existing commodity distribution provided for schools and other institutions.

Mr. HELMS. One last area of concern. The legislation, S. 17, reported from the Senate Agriculture Committee and that adopted on the Senate floor as an amendment to this jobs bill contained language to permit the Secretary of Agriculture sufficient flexibility to respond to possible substitution or displacement impact in the providing of commodities. I think we are all concerned that this program supplement not supplant existing food purchases. I am concerned that this language was omitted in the conference report.

Mr. HATFIELD. While the specific language was omitted, it is not the purpose of this legislation to disrupt commercial sales of commodities or products thereof. The Secretary would have sufficient authority to establish program criteria to preclude any such circumstances without additional statutory language.

Mr. HELMS. I thank the distinguished Senator. Again, let me commend the chairman of the Appropriations Committee for expediting this legislation. Let me also commend Senator DOLE for his leadership in our committee for initiating this approach and for working with both committees to see these efforts come to fruition.

Mr. President, I am pleased that the chairman of the Appropriations Committee has been so accommodating in expediting this legislation. It is timely and will definitely complement the existing commodity distribution begun by the President for surplus dairy products. Indeed, the President announced yesterday his intention to expand this distribution, and Secretary John Block today announced the details of that plan. Under the new proposal, corn meal, rice, and nonfat dry milk that are in surplus will be made available for wider distribution.

The purpose of the commodity distribution section of the bill, like the parent bill, S. 17, is to establish an effective program to increase the amount of commodities owned by the Commodity Credit Corporation that are distributed for domestic nutrition purposes, particularly to emergency relief organizations providing assistance to needy persons.

The cornerstone of the program is to use existing surpluses as supplemental food assistance for needy persons during the current economically distressed period and for other nutrition programs historically assisted through commodity donations.

At the same time, I would emphasize that this is a temporary program to utilize only those commodities that are in temporary surplus. I am afraid that there is the widespread misperception that USDA has surpluses in many commodities. With the advent of the payment-in-kind program and, hopefully, initiation of increased export market development activities, few commodities are anticipated to be in surplus. It should not be the policy of the Federal Government to encourage the acquisition of surpluses that will dampen farm prices or to establish an expectation that such surpluses will be available in future years for distribution to eligible recipient agencies.

The program is intended to build upon existing, discretionary authority which the Secretary has been exercising in attempting to reduce the amount of commodities held by the CCC.

Commodities acquired by the Commodity Credit Corporation that the Secretary determines are in excess of other needs, and thus eligible for distribution under the new program, are typically in a form suitable for bulk storage. Some commodities are stored in the form the farmer produces them—that is, unprocessed grains. Dairy products are delivered to the CCC in forms suitable for bulk storage—for example, cans of butter, 40-pound wheels of hard cheddar cheese, and 10-pound bags of nonfat dry milk. These commodities cannot be distributed for domestic consumption without some degree of processing or packaging.

According to the Department of Agriculture, the costs of processing or packaging dairy products—the major bonus commodity donated up to this point—into forms suitable for donation have averaged about 12.5 cents per pound. Some examples of the processing of dairy products include the processing and packaging of cheddar cheese into smaller packages of processed cheese, and the processing and packaging of nonfat dry milk into smaller packages of instantized nonfat dry milk which can be mixed with water for immediate use.

To the extent that the commodities are to be used by institutions, the commodities are to be furnished in forms suitable for institutional use. At the option of those organizations that provide food assistance to needy persons, the Department will be required to process or package such commodities into units suitable for home use.

The Commodity Credit Corporation will bear the costs only of this initial processing—that is, converting the commodities into some initial stage of product; for instance, wheat into flour. There is no requirement for the Department to pay any of the costs for end-product processing—that is; any subsequent processing into forms beyond such initial processing as is customary by the Department.

The final version of the bill provides that some Federal money will be available for the distribution of commodities to emergency relief organizations, as discussed earlier with Senator HATFIELD. I think we are very much agreed on the outstanding job that has been done by volunteer organizations such as food banks, soup kitchens, and other church, and private initiatives to assist in feeding low-income individuals.

At the same time, it is important to note that this new funding anticipates responsible accounting by these organizations. The Federal financial liability is to be limited to storage and

direct distribution costs—such as transportation—by States, and should not include extraneous or incidental costs associated with the distribution of these commodities. Considerable discussion in our committee indicated that the States should be responsible to contribute some effort on their own. Indeed, the success of the ongoing surplus dairy distribution bears witness to the credible job which has been done by all participating agencies, without Federal financial assistance. We are concerned, however, that Federal funding, though temporary and limited to emergency relief organizations, not result in an increase in State bureaucracies.

The Secretary would obviously have the same authority to develop criteria for costs by emergency relief organizations which are eligible for reimbursement. These costs should be only those that can be documented and that are directly related to the new program. Inasmuch as this is a new program, the Secretary should exercise caution that other expenses or unrelated expenses not be attributed to the new program, thereby increasing Federal costs beyond the intent of this legislation.

Of course, the Secretary would still have the oversight responsibility to insure that agencies do not request, and USDA does not furnish, commodities in excess of those that can be consumed without waste—the same standard that applies in existing commodity distribution programs.

I emphasize these precautions only because of the concerns expressed before our committee that this program be effectively and efficiently operated. We do not want to find ourselves with another program in which waste, fraud, and abuse are used to describe the program after it is underway.

I think we all recognize the potential that this program can have, if properly supervised, for providing assistance during these difficult economic times. Based on the recent actions of the President and Secretary Block, I feel certain that they will do everything in their power to insure the success of this new program.

As noted by others during this and earlier discussions of the issue, this program is intended to supplement existing nutrition programs and existing commodity distribution programs, not to supersede them. It is important that this program be implemented smoothly, and without disrupting existing efforts.

Again, I want to commend both Senators HATFIELD and DOLE for their efforts. I think this legislation, coupled with the President's announced plan, will achieve the objectives which had been sought—an increase in distribution of commodities which are in excess of expected needs.

Mr. DOMENICI. Mr. President, the Senate is now considering the conference report accompanying H.R. 1718, the Emergency Expenditures To Meet National Needs Act.

I ask unanimous consent that a table showing the relationship of the conference report on H.R. 1718 to the second budget resolution for fiscal year 1983 be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EMERGENCY JOBS SUPPLEMENTAL (H.R. 1718)
CONFERENCE

[In billions of dollars]

	Fiscal year 1983	
	Budget authority	Outlays
Title I, meeting our economic problems with essential and productive jobs	4.6	1.6
Title II, Temporary Emergency Food Assistance Act of 1983	0.1	(1)
Title III, supplemental appropriations	10.9	5.5
Total, gross cost of bill	15.6	7.1
Deduct offsetting receipts and other amounts already included in current budget level	−10.7	−5.3
Net cost of bill	4.8	1.8
Current level prior to this bill	831.3	780.0
Net cost of this bill	4.8	1.8
Total current level	836.2	781.8
Second budget resolution	822.4	769.8
Amount exceeding second budget resolution	+13.8	+12.0

[1] Note: Details may not add to totals due to rounding.

● Mr. ABDNOR. Mr. President, I wish to clarify one point with the distinguished subcommittee chairman for the Interior and Related Agencies Subcommittee, Senator MCCLURE of Idaho. As I understand the conference agreement reached on Monday, the House and Senate conferees agreed to provide up to $200,000 to the State of South Dakota for the rehabilitation of the McNenny Fish Hatchery in South Dakota prior to the Fish and Wildlife Service transferring the responsibility for operation and maintenance of the hatchery to the State. Is that correct, I ask the Chairman?

Mr. MCCLURE. That is correct.

Mr. ABDNOR. Now that the House has insisted on its own targeting formula and has agreed to include funds provided to the Fish and Wildlife Service under the terms of that targeting procedure, may I ask for the Chairman's judgment as to the impact that will have on the availability of funds for the McNenny Fish Hatchery?

Mr. MCCLURE. Mr. President, I appreciate the concerns expressed by my good friend from South Dakota. He will remember that I tried to help him maintain Federal operation at McNenny against the wishes of the House. As I understand the provisions of the House targeting language, the Secretary will receive 25 percent of the funds appropriated, or $5 million, to be spent according to existing law. I shall urge the Secretary to respect the language agreed to by House and Senate conferees and provide up to $200,000 to the State for repair work at McNenny out of the $5 million he has available for expenditure according to existing law. Chairman Yates and I agreed to this provision on Monday, and I think that our priority projects, as mentioned in the conference report, have not changed since that time.

Mr. ABDNOR. Mr. President, I thank the Senator for that clarification and appreciate his interest and support.●

Mr. STEVENS. Mr. President, I ask unanimous consent that my comments appear as read in the permanemt RECORD following passage of the comference report to H.R. 1718.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I rise in support of H.R. 1718 and urge that the Senate concur in the conference report on this important measure. This bill will bring an increase in Federal expenditures in many parts of our country that are experiencing extraordinary high rates of unemployment, and I hope the Senate will pass this important legislation.

As my colleagues are aware, the bill contains an amendment which my colleague from Mississippi, Mr. COCHRAN, and I added to modify the effect of section 32 surplus commodity purchase program of the Agriculture Adjustment Act of 1935. This modification will bring fishery products within the scope of agricultural purchase programs, and it is an important step to bring equity to the fishing industry.

If this program is to bring fishing product purchases to a level which will be significant in reducing our surpluses, it must be tailored to meet the fishing industry's needs. I anticipate a procedure which will achieve the goal of guaranteeing a safe and wholesome product yet one which is modified to the practicalities that affect our fishery processing industry. In that regard, I feel that a statistical sampling scheme for processed fishery products can work. I feel that it is possible to achieve the safety and wholesomencss requirements of the Department of Agriculture through a statistical sampling scheme that would not require onsight inspection by the Department of Agriculture.

Mr. President, I feel that the amendment as adopted will provide a tremendous benefit to our fishing industry and also will be of great benefit to the recipients of these food distribution programs. Seafood is largely recognized as a product with great potential to improve the nutritional composition of the American diet. Recent studies which describe the positive benefits of seafood in diet confirm longheld beliefs that the introduction of seafood

products can have an important role in reducing blood cholesterol levels and improving the overall nutritional balance. I feel that the addition of fishery products into this program will have an important effect by improving the diet of those who are the recipients of the commodity distribution program.

Mr. HATFIELD. Mr. President, during consideration of this measure on the House floor, a number of statements were made regarding specific water projects under the jurisdiction of the Energy and Water Development Subcommittee. In an effort to clarify the legislative record, let me indicate that no water projects were earmarked within the bill, H.R. 1718, or the conference report. It was clearly the intent of the conferees to avoid any earmarking.

Unilateral statements from the House floor should not be interpreted to convey an intent on the part of the conferees to earmark funding or give priority to any specific water project. The allocation of funds to individual projects should be based on need and immediate impact on employment under general guidelines contained in the applicable committee reports.

The PRESIDING OFFICER. Is there any further debate on the conference committee report? If not, the yeas and nays are ordered. The clerk will call the roll.

Mr. BAKER. Mr. President, even though there is no debate on a rollcall, Senators should know there is a high likelihood of one or two more rollcall votes tonight.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Alabama (Mr. DENTON), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Illinois (Mr. PERCY) are necessarily absent.

I further announce that, if present and voting, the Senator from Alabama (Mr. DENTON) and the Senator from Illinois (Mr. PERCY) would each vote "yea".

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 82, nays 15, as follows:

[Rollcall Vote No. 44 Leg.]

YEAS—82

Abdnor	Cohen	Hart
Andrews	Cranston	Hatfield
Baker	D'Amato	Hawkins
Baucus	Danforth	Hecht
Bentsen	DeConcini	Heflin
Biden	Dixon	Heinz
Bingaman	Dodd	Hollings
Boren	Dole	Huddleston
Boschwitz	Domenici	Inouye
Bradley	Durenberger	Jackson
Bumpers	Eagleton	Jepsen
Burdick	Exon	Johnston
Byrd	Ford	Kassebaum
Chafee	Glenn	Kasten
Chiles	Gorton	Kennedy
Cochran	Grassley	Lautenberg
Laxalt	Packwood	Stafford
Leahy	Pell	Stennis
Levin	Pressler	Stevens
Long	Proxmire	Thurmond
Lugar	Pryor	Trible
Mathias	Quayle	Tsongas
Matsunaga	Randolph	Wallop
Melcher	Riegle	Warner
Metzenbaum	Sarbanes	Weicker
Mitchell	Sasser	Wilson
Moynihan	Simpson	
Nunn	Specter	

NAYS—15

Armstrong	Humphrey	Roth
East	Mattingly	Rudman
Garn	McClure	Symms
Hatch	Murkowski	Tower
Helms	Nickles	Zorinsky

NOT VOTING—3

Denton	Goldwater	Percy

So the conference report on H.R. 1718 was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. STENNIS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENTS IN DISAGREEMENT

Mr. HATFIELD. Mr. President, will the Chair state the amendments in disagreement?

The PRESIDING OFFICER. The clerk will state the amendments in disagreement.

The bill clerk read as follows:

The House recedes and concurs with amendment to Senate amendments numbered 1, 2, 9, 16, 21, 22, 27, 28, 64, 71, 76, 79, 88, 89, 90, 91, 92, 97, and 98.

The amendments in disagreement follow:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 1 to the aforesaid bill, and concur therein with an amendment as follows:

Strike out the matter stricken, and insert:

It is the sense of the Congress that the continued economic recession has resulted in nearly fourteen million unemployed Americans, including those no longer searching for work, rivaling the actual numbers of unemployed during the Great Depression. Other millions work only part-time due to the lack of full-time gainful employment. The annual cost of unemployment compensation has reached the staggering total of $32,000,000,000. The hardships occasioned by the recession have been much more severe in terms of duration of unemployment and reduced percentage of unemployed receiving jobless benefits than in previous recessions.

Actual filings of business related bankruptcies for the year ending June 30, 1982, reached a total of seventy-seven thousand as compared with a prior year figure of sixty-six thousand. Business failures are up 49 per centum compared to one year ago. Delinquencies are many times greater. The American farmers are more than $215,000,000,000 in debt. Hundreds of thousands of farmers are faced with bankruptcy.

It is essential that interest rates, which have been reduced following a General Accounting Office investigation of the Federal Reserve System at the request of the Committee on Appropriations on April 26, 1982, continue at present or lower rates with due regard for controlling inflation so as not to have an opposite effect of driving interest rates upward for business, industrial and agricultural recovery.

Under these circumstances, the Congress finds that a program to provide for neglected needs of the Nation which results in productive jobs, and to provide humanitarian assistance to the indigent and homeless, to be very strongly in the national interest.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 2 to the aforesaid bill, and concur therein with an amendment as follows:

Strike out the matter stricken, and insert:

REDUCING AND STABILIZING INTEREST RATES

It is the sense of the Congress that the Board of Governors of the Federal Reserve and the Federal Open Market Committee with due regard for controlling inflation so as not to have an opposite effect of driving interest rates upward should continue such actions as are necessary to achieve and maintain a level of interest rates low enough to generate significant economic growth and thereby reduce the current intolerable level of unemployment as they have since the Committee on Appropriations on April 26, 1982 obtained an investigation of the Federal Reserve System by the General Accounting Office.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 9 to the aforesaid bill, and concur therein with an amendment as follows:

Strike out the matter stricken, and insert:

To provide for labor-intensive capital improvements, the Secretary of Transportation shall make capital grants to the National Railroad Passenger Corporation of $80,000,000, to remain available until expended.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 16 to the aforesaid bill, and concur therein with an amendment as follows:

Strike out the matter stricken, and insert:

: *Provided further*, That of the new budget authority provided under this heading up to $500,000,000 shall be available until September 30, 1985, for activities authorized by section 105(a)(8) of the Housing and Community Development Act of 1974, as amended: *Provided further*, That the 10 per centum limitation on the amount of funds for public service activities contained in such section 105(a)(8) shall not apply to the funds provided under the immediately preceding proviso: *Provided further*, That notwithstanding the limitation of $60,000,000 contained in section 107(a) of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5307(a)), one per centum of the new budget authority provided for local community development programs in this Act shall be set-aside for the special discretionary fund for grants to Indian tribes as authorized under section 107(b) of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5307(b))

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 21 to the aforesaid bill, and concur therein with an amendment as follows:

Strike out the matter stricken, and insert:

DEVELOPING PARKS AND RECREATION AREAS

An additional amount of $50,000,000 to remain available until expended, is appropriated for "Salaries and expenses", Small

Business Administration to be available only for grants for resources development programs pursuant to Section 21(a)(1) of the Small Business Act; notwithstanding any other provision of law including any contained herein, such sum shall be allocated to each State, the District of Columbia, and the Commonwealth of Puerto Rico on the basis of the average of the number of unemployed individuals who reside in each such area as compared to the total number of unemployed individuals in all of the States, the District of Columbia and Puerto Rico during the fourth quarter of calendar year 1982; upon receipt of a certification, which the Administrator deems appropriate, from the Governor of any State or Puerto Rico or the Mayor of the District of Columbia, the grant to that area may be made immediately, and an expedited review and approval of any rules, regulations or procedures is hereby authorized and shall be completed by April 15, 1983.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 22 to the aforesaid bill, and concur therein with an amendment as follows:

Strike out the matter stricken, and insert:

There is appropriated for expenses necessary for the "Urban Parks and Recreation Fund" for rehabilitation grants and repairs, under the provisions of the Urban Park and Recreation Recovery Act of 1978 (title 10 of Public Law 95-625), $40,000,000: *Provided,* That such funds shall be available only for grants for which: (1) obligations are entered into before October 1, 1983, (2) work will be in progress before January 1, 1984, and (3) all Federal funds will be outlayed before September 30, 1984.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 27 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $40,000,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 28 to the aforesaid bill, and concur therein with an amendment as follows:

Strike out the matter stricken, and insert:

To restore, repair, and provide forest roads, trails, and other existing facilities which are part of the real wealth of this country, there is appropriated an additional amount of $25,000,000, to remain available for obligation until September 30, 1984, for the "National Forest System".

In order to provide jobs, to improve the growth rate of existing forested land inventories, and to decrease the number of deforested acres of Forest Service lands, there is appropriated an additional $35,000,000 for "National Forest System", Forest Service.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 64 to the aforesaid bill, and concur therein with an amendment as follows:

Strike out the matter stricken, and insert:

To expand the availability of essential health care services for the disadvantaged and unemployed, including those in rural towns and villages, an additional $70,000,000 for "Health Services", Department of Health and Human Services, for carrying out titles III and XIX of the Public Health Service Act with respect to community and migrant health centers: *Provided,* That $5,000,000 shall be for the provision of home health services at such centers and $5,000,000 shall be for carrying out section 339 of the Public Health Service Act relating to home health care services and training: *Provided further,* That each center may apply up to 20 per centum of these funds provided to the center for the purchase (at rates not exceeding those prevailing under the applicable State plan approved under title XIX of the Social Security Act) of inpatient hospital services for delivery and post partum care to pregnant women and infants who have no other source of payment for the care.

INCREASING MATERNAL AND CHILD HEALTH SERVICES

(HEALTH SERVICES)

To increase the availability of essential health services for disadvantaged children and mothers, an additional $105,000,000 for "Health Services", Department of Health and Human Services, for maternal and child health grants under title V of the Social Security Act: *Provided,* That such funds shall be allocated as provided for under section 502(b) of the Act: *Provided further,* That no grant shall be made to a State unless such State offers assurances satisfactory to the Secretary that it will use such amounts in addition to rather than in lieu of existing Federal or State funds currently available for these purposes.

CENTERS FOR DISEASE CONTROL

PREVENTIVE HEALTH SERVICES

For an additional amount for "Preventive Health Services", $15,560,000, which shall remain available until expended and shall be for construction and renovation of facilities.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 71 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $25,000,000.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 76 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

STUDENT FINANCIAL ASSISTANCE

For an additional amount for "Student Financial Assistance", $50,000,000 to remain available until September 30, 1984 for carrying out part C of title IV of the Higher Education Act of 1965, relating to the College Work Study Program: *Provided,* That notwithstanding subsections (a), (b), (c), and (e) of section 442 of the Higher Education Act of 1965, and section 11 of Public Law 97-301, the Secretary shall allot the sums appropriated pursuant to section 441(b) of the Higher Education Act of 1965 for fiscal year 1983 among the States so that each State's allotment bears the same ratio to the total amount appropriated as that State's allotment in fiscal year 1981 bears to the total amount appropriated pursuant to section 441(b) for the fiscal year 1981.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 79 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

Notwithstanding 15 U.S.C. 713c-2, the Secretary of Agriculture shall purchase domestically produced fresh and processed fishery products from funds appropriated under 7 U.S.C. 612c, and distribute to eligible recipient agencies.

Resolved, That the House recede form its disagreement to the amendment of the Senate numbered 88 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

ADMINISTRATION FOR NATIVE AMERICANS

SEC. 103. During fiscal year 1983, general administration of programs authorized under the Native American Programs Act shall remain in the Department of Health and Human Services and shall not be transferred to the Bureau of Indian Affairs and the Secretary of Health and Human Services shall continue to administer the financial assistance grants funded under that Act through the Administration for Native Americans: *Provided,* That this provision shall not prohibit interagency funding agreements between the Administration for Native Americans and other agencies of the Federal Government for the development and implementation of specific grants or projects.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 89 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

NATIONAL WEATHER SERVICE

SEC. 104. Since the Administration has proposed to sell the weather (METSAT) and land (LANDSAT) satellite systems;

Since there are concerns about possible commercialization of the National Weather Service;

Since our country should provide weather service information for the protection of life and property;

Since our Nation's economy—its agriculture, aviation, ocean shipping and construction—is heavily affected by weather and our ability to forecast and disseminate vital information about its behavior: Now, therefore,

It is the sense of the Congress that a reliable and comprehensive national weather information system responsive to the needs of national security; agriculture, transportation and other affected sectors; and individual citizens must be maintained through a strong central National Weather Service that can work closely with the private sector, other Federal and State government agencies, and the weather services of other nations.

Further, the Nation's civil operational remote sensing satellites (METSAT and LANDSAT) shall remain under the National Oceanic and Atmospheric Administration. No effort shall be made to dismantle, transfer, lease or sell any portion of these systems without prior congressional approval.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 90 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the section number proposed in said amendment, insert: 105.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 91 to the aforesaid bills, and concur therein with an amendment as follows:

In lieu of the section number proposed in said amendment, insert: 106.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 92 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

TITLE II—TEMPORARY EMERGENCY FOOD ASSISTANCE ACT OF 1983

SEC. 201. This title may be cited as the "Temporary Emergency Food Assistance Act of 1983", and is hereinafter in this title referred to as "the Act".

AVAILABILITY OF CCC COMMODITIES

SEC. 202. (a) Notwithstanding any other provision of law, commodities acquired by the Commodity Credit Corporation that are in excess of quantities needed for the fiscal year to carry out a payment-in-kind acreage diversion program, maintain U.S. share of world markets, and meet international market development and food aid commitments, shall be made available by the Secretary of Agriculture (hereinafter in this Act referred to as the "Secretary") without charge or credit in such fiscal year for use by eligible recipient agencies. Upon request, commodities provided by the CCC shall be provided in a form suitable for individual household or institutional use.

(b) Notwithstanding any other provision of law, if wheat stocks acquired by the Commodity Credit Corporation are not available for the purposes of this Act, up to 300,000 metric tons of wheat designated under section 302(b)(1) of the Food Security Wheat Reserve Act of 1980 shall be used for the purposes of this Act. Any amount of wheat used from the Food Security Wheat Reserve under this Act shall be replenished by an equivalent quantity of wheat under the provisions of section 302(b) of the Food Security Wheat Reserve Act of 1980 as soon as practicable, but before December 31, 1983.

PROCESSING AGREEMENTS

SEC. 203. Whenever a commodity is made available without charge or credit under any nutrition program administered by the Secretary, the Secretary shall encourage consumption thereof through agreements with private companies under which the commodity is reprocessed into end-food products for use by eligible recipient agencies, with the expense of the reprocessing to be borne by the recipient agencies.

AUTHORIZATION AND APPROPRIATIONS

SEC. 204. (a) There is appropriated for the period ending September 30, 1983, $50,000,000 for the Secretary to make available to the States for storage and distribution costs, of which not less than $10,000,000 shall be made available for paying the actual costs incurred by charitable institutions, food banks, hunger centers, soup kitchens, and similar nonprofit organizations providing nutrition assistance to relieve situations of emergency and distress through the provision of food to needy persons, including low-income and unemployed persons, provided that in no case shall such payments exceed five per centum of the value of commodities distributed by any such agency. The value of the commodities made available under this Act and the funds of the Corporation used to pay the costs of initial processing, packaging (including forms suitable for home use), and delivering commodities to the States shall not be charged against this appropriation.

RELATIONSHIPS TO FOOD STAMPS

SEC. 205. Section 4(b) of the Food Stamp Act of 1977 shall not apply with respect to the distribution of commodities under this Act.

COMMODITIES NOT INCOME

SEC. 206. Notwithstanding any other provision of law, commodities distributed under this Act shall not be considered income or resources for any purposes under any Federal, State, or local law.

PENALTIES

SEC. 207. Section 4(c) of the Agriculture and Consumer Protection Act of 1973 is amended by—

(1) striking out "or section 709" and inserting in lieu thereof "section 709"; and

(2) inserting after "(7 U.S.C. 1446a-1)" the phrase "or the Emergency Food Assistance Act of 1983".

PROHIBITION AGAINST CERTAIN STATE CHARGES

SEC. 208. Whenever a commodity is made available without charge or credit under any nutrition program administered by the Secretary for distribution within the States to eligible recipient agencies, the State may not charge recipient agencies any amount that is in excess of the State's direct costs of storing and transporting the commodities to recipient agencies minus any amount the Secretary provides the State for the costs of storing and transporting such commodities.

COMMODITY SUPPLEMENTAL FOOD PROGRAM ADMINISTRATIVE EXPENSES

SEC. 209. Notwithstanding any other provision of law, administrative expenses for the Commodity Supplemental Food Program, on commodities donated by CCC during fiscal year 1983, shall be paid from CCC funds and shall be fifteen percentum of the book value of the commodities donated.

REGULATIONS

SEC. 210. The Secretary shall issue regulations within 30 days to implement this Act.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 97 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum named in said amendment, insert: $200,000,000.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 98 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

DEPARTMENT OF AGRICULTURE

COMMODITY CREDIT CORPORATION

REIMBURSEMENT FOR NET REALIZED LOSSES

For an additional amount for "Reimbursement for net realized losses", $5,707,457,000.

Resolved, That the House insist on its disagreement to the amendment of the Senate numbered 82 to the aforesaid bill.

Mr. HATFIELD. Mr. President, I ask unanimous consent, and this has been cleared on both sides of the aisle, that the amendments reported in disagreement, with the exception of amendment No. 82, which is the targeting amendment, be considered en bloc.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon?

Mr. HEINZ. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HEINZ. Will that prevent an amendment to be offered to amendment No. 28?

Mr. HATFIELD. Eighty-two?

Mr. HEINZ. No. Twenty-eight.

Mr. HATFIELD. Yes. I wish the Chair would answer.

Mr. HEINZ. If those amendments are considered en bloc, would an amendment to No. 28 be in order or not?

The PRESIDING OFFICER. If the amendments are considered en bloc and agreed to en bloc, then no amendment would be in order.

Mr. HEINZ. Mr. President, I must reluctantly object to the request of the chairman of the Appropriations Committee.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the amendments reported in disagreement with the exception of No. 28 and No. 82 be considered en bloc.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon?

Mr. METZENBAUM. Mr. President, reserving the right to object, will the manager of the bill be good enough to note what this has to do with the dollar amounts in each of those amendments? Would he be good enough to advise us as to whether there were any significant changes from the Senate figures that relate to these particular amendments? By "significant," I mean more than some compromise plus amount.

Mr. HATFIELD. Is the Senator asking for numerical figures involved in No. 28?

Mr. METZENBAUM. No. I am asking for the dollar amount and I am asking whether or not there are any significant or very substantial changes in the figures that the Senate had in its bill in connection with each of the amendments other than 28 and 82?

Mr. HATFIELD. There were no really significant dollar amounts included in 28. The Senate version was $90 million.

Mr. METZENBAUM. I cannot hear the Senator.

Mr. STENNIS. Mr. President, let us have order if we are ever going to get through.

The PRESIDING OFFICER. The Senate will be in order.

Mr. HATFIELD. I would say to the Senator from Ohio that there were not significant dollar differences. These are typical of most of those compromises that are reached in the Congress. For instance on the No. 26 the Senator from Pennsylvania has asked that there be an exemption from the adoption en bloc, unanimous-consent request, the separated $90 million, the conference came out with $60 million so what we were doing was striking differences between the House version and the Senate version.

Out of the 20 of the so-called en bloc amendments, 7 of them constituted only language; 12 of them constituted changes or modifications in dollar amounts.

Mr. METZENBAUM. All of them are lesser amendments than the figure the Senate had set?

Mr. HATFIELD. No, it would have been a compromise position between the Senate and the House. Sometimes the House was higher and the Senate lower, sometimes the Senate was higher and the House was lower.

Mr. METZENBAUM. I thank the Senator.

The PRESIDING OFFICER. Is there objection to the request amendments be considered en bloc with the exception of 28 and 82?

Without objection, it is so ordered.

Mr. HATFIELD. Now, Mr. President, I ask unanimous consent—what is the pending amendment?

The PRESIDING OFFICER. The pending question is agreeing to amendments en bloc, with the exception of amendments 28 and 82.

Mr. HATFIELD. Will the Chair lay before the Senate the amendment in question?

The PRESIDING OFFICER. The Chair advises the Senator from Oregon there has been no motion to agree to the amendment en bloc with the exception of 28 and 82.

Mr. HATFIELD. I so move.

The PRESIDING OFFICER. The question is on agreeing to the amendments in disagreement en bloc with the exception of amendments 28 and 82.

The amendments in disagreement, with the exception of amendments 28 and 82 agreed to en bloc are as follows:

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendments were agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The clerk will report the amendment in disagreement No. 28.

The assistant legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 28 to the aforesaid bill, and concur therein with an amendment as follows:

Strike out the matter stricken, and insert:

To restore, repair, and provide forest roads, trails, and other existing facilities which are part of the real wealth of this country, there is appropriated an additional amount of $25,000,000, to remain available for Obligation until September 30, 1984, for the "National Forest System".

In order to provide jobs, to improve the growth rate of existing forested land inventories, and to decrease the number of deforested acres of Forest Service lands, there is appropriated an additional $35,000,000 for "National Forest System", Forest Service.

The PRESIDING OFFICER. The Senator from Pennsylvania.

UP AMENDMENT NO. 117

Mr. HEINZ. Mr. President, I move the Senate concur in the amendment of the House to the amendment of the Senate No. 28 with the following amendment which I send to the desk and ask the clerk to report.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania (Mr. HEINZ) proposes an unprinted amendment numbered 117:

At the end of the matter proposed to be inserted, insert the following new matter:

"With respect to installments for quarters beginning after March 31, 1983, subsection (b) of section 6702 of title 31, United States Code, is amended by striking out 'the end of the quarter' and inserting in lieu thereof 'the beginning of the quarter'.".

Mr. HEINZ. Mr. President——

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. HEINZ. Mr. President, I would like to, if I may, just be heard on this amendment.

Mr. President, what I am proposing to do is to amend the conference report to, in effect, insist on the Senate position that we accelerate from the end of each fiscal quarter to the beginning in the payment of general revenue sharing. I am not going to take a lot of time to discuss this with my colleagues. This is a Senate position that was adopted by a vote of 73 to 21, better than 3 to 1.

Now, it is this Senator's view that there are a lot of things in this jobs bill that ought to be subject to the Truth in Language Act, and if they were they would properly not be in this bill as jobs to be created within the next 12 months. We will be lucky if one-third of the $4.6 billion in so-called jobs measures in this bill is spent for job-creating purposes in the next 12 months.

If we adopt this amendment, which will have the effect of moving $1.15 billion in revenue-sharing payments by not quite 90 days, what we will be doing is giving the conferees a chance to knock off some of that 1986 and 1985 and even some of that fiscal 1984 money and put some money up front where it will really do some people some good.

I must say, Mr. President, I offer this amendment, let me say, without going any further on behalf of myself and Senator SPECTER who was a conferee on this bill with the House. Senator SPECTER waged a very hard and aggressive fight in the conference committee, and for all we know the House of Representatives might have taken it except I am told the Senate conferees, by a vote of 9 to 2 the other way, voted to drop the amendment.

Now, Mr. President, I think conferees have a responsibility to stick up for the Senate position, either that or we ought to send different conferees maybe.

The fact is that when the Senate votes by 3 to 1 in favor of something, we do not expect the Senate conferees to vote 1 to 3 the other way.

So I, Mr. President, hope my colleagues will give the conferees—they have got to go back to work anyway on targeting, we are not through, and I hope the conferees will take this opportunity to go back and complete their work.

I would be happy to yield to the Senator from Pennsylvania.

Mr. SPECTER. Mr. President, I thank my distinguished colleague from Pennsylvania, and I supplement his comments.

The amendment which Senator HEINZ put forth when the jobs bill was considered would advance, as he has outlined, $1.15 billion. It is not an additional authorization, and it is not an additional expenditure. It simply provides it will be spent before the end of the last quarter.

So it had the effect of moving up by perhaps as much as 90 days the last quarter of expenditures on revenue sharing so that instead of an administration making the expenditure on October 31 so that it will be handled as an outlay after November 1, the expenditure can be made as early as July 1, 1983, and thereby put this very significant sum of money into the pipeline on revenue sharing. It is absolutely, positively, not any additional expenditure at all. It is only a question of timing. But it may look better on the books for the administration not to have the outlay in fiscal year 1983 by delaying it until the last day of the fiscal year, so the outlay occurs on the books in the 1984 fiscal year after October 1.

I would only amend one statement which Senator HEINZ made when he said that the Senate conferees did not fight very hard. It was a case of Gaston and Gaston. It was not even a case of Gaston and Alphonse. When the conference was in session the chairman of the House committee said "We yield to the Senate position," and was then interrupted by the chairman of the Senate committee, saying "Oh, no, you cannot yield to our position. We insist on yielding to your position." And there we were with a vote of 72 to 21, which is a very authoritative showing of the sentiment of the U.S. Senate, and the Senate conferees insisted on yielding after the House had said that they insisted on yielding, which might defy the logic of negotiations.

Had there been a determined battle even with the 72-to-21 vote, and it appeared that we were at loggerheads over that issue, perhaps there could be some theoretical justification for

yielding under some extraordinary circumstances. But that was not the case. And it was at that juncture that I suggested that there was a duty on the part of the Senate conferees to assert the Senate's position and I did have one supporter among the 11 Senators who were present and, as Senator HEINZ has outlined, the vote was 9 to 2.

Senator HEINZ and I discussed this matter, and we think it is an appropriate matter the Senate ought to insist on for two very important reasons: One substantive. This $1.15 billion ought to be put in the pipeline and do some good on jobs and not as a bookkeeping entry, where we can put Americans to work. Second, what may be even a more important position for this body, as a signal that conferees ought to represent their principals. That is a rule that even lawyers follow in this country under such extraordinary circumstances, that when conferees go to conference that there should be a battle for the position asserted by the body, because if the conferees can back down on a 3-to-1 vote in a context where the other body says "we defer" then anything is possible.

Mr. CHILES. Will the Senator yield?

Mr. HEINZ. May I just say to my good friend and colleague from Pennsylvania he, I know, waged a very able battle against what turned out to be surprisingly long odds on the Senate side and, Mr. President, I just offer the motion I did for myself and Senator SPECTER, and indeed I thank him for his encouragement in coming forward.

I would ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BAKER. Mr. President, I really say this with no trace of egotism, but I believe I can safely say there is not another Member of this Chamber who today who earlier came to the cause of general revenue sharing than I did. In 1967, the first bill I introduced in the Senate was on general revenue sharing. The bill that first passed the Congress was cosponsored by the late Senator Humphrey and me as the principal sponsors of that bill. I have been an unfailing and unswerving supporter of revenue sharing. Indeed, I supported the amendment offered by the Senator from Pennsylvania.

But, Mr. President, this is not the time and this is not the place to add over a billion dollars to this conference report. I have no quarrel with the remarks of either Senator from Pennsylvania on the merits of this matter, nor the desirability of the outcome. But the responsibility of conferees, Mr. President, in my view, is to produce a bill that the Senate will approve and that will pass. And it early on became obvious, I think, to the conferees, and everybody else just about, that this bill was too fat.

Now I can argue at length that you ought not to score revenue sharing as an appropriation against the budget, but I would not win that argument because I do not do the scoring. I would not be the man who advised the President of the United States on whether he ought to sign or veto this measure.

But the fact of the matter is we had an important piece of legislation that in the view of this body had to be passed and the conferees in my judgment acted wisely and well in finding the one item that could really make a difference.

Now, I will support the acceleration of revenue sharing on some bases. I believe the President of the United States has the authority to do that without any further and additional legislation. I do not predict that he will do that but I hope he will do that and I have urged him to do that.

The subcommittee of the Finance Committee, under the chairmanship of Senator DURENBERGER, has already conducted hearings on this matter. It is not going to die tonight, the question of accelerating payments of revenue sharing in the fourth quarter installment of revenue sharing. Indeed, there is a real possibility it will recur.

It is with reluctance, Mr. President, that I must urge the Senate not support the amendment of this item in disagreement dealing with the first item that I ever presented to this body of the U.S. Senate.

Mr. HATFIELD. Mr. President, I really do not want to continue this discussion too long, except I think I have the responsibility to the Senate to report on what has been described as an act of arrogance, abuse of power, and all the other kinds of obvious conclusions you would have to draw from the description of the conference committee. I would reject that analysis and those charges, that indictment that I have had issued against me, and only say to you that, as the majority leader has indicated, I had information given to me after the action of the Senate before we got to conference directly from the White House that this bill would not be signed into law.

I want a jobs bill. I felt my responsibility to the body of the Senate was to come out with something from the conference that we could conceivably expect to be signed by the President. And when we began to look at the various programs and the various places where we could cut in order to reduce the total size of this particular jobs bill—and I indicated on the floor of the Senate that I had a heavy, heavy expectation that this would be the reaction of the President—I fought against that adoption. I lost on that. But I also had, as I say, that responsibility to bring something back here that would pass the Senate and be signed by the President.

I want to assure the Senate that there is no effort on my part to enter into any kind of conspiracy, no effort on my part to take an abuse of power that has been given to a conferee as chairman of the committee. And I would not only say that as against that particular incident in the conference, but I would ask my colleagues on the committee if there was any other instances of my chairmanship of that committee where this kind of indictment would be leveled against one who has struggled very hard to give every Senator his rights on that committee, even at times when he had to delay the full proceedings of the committee for a Senator to arrive to engage in the pursuit of his rights.

I have to say that I am somewhat appalled and somewhat disappointed—somewhat injured, I suppose—to feel that a member of the committee, especially, would issue that kind of indictment as to the conduct of the conference.

But I only wanted to say that as a report to the Senate body to refute this kind of impression that has been left by the Senator from Pennsylvania.

Mr. STENNIS. Will the Senator yield?

Mr. CHILES. Will the Senator yield?

Mr. HATFIELD. I yield first to the Senator from Mississippi and then to the Senator from Florida.

Mr. STENNIS. Mr. President, the Senator from Oregon has spoken well. I was sitting right by him. There is no dispute between gentlemen Members, not accusing anyone of anything.

I was looking right in the face of all these conferees for the House. Just as soon as it was announced which amendment was being called up or which item, you could see it plainly written on their faces that they just were not interested and were not going to take it.

Now, I am no magician, but I have been looking at them a long time and watching for that first expression that comes on their faces. I knew it was as dead as Hector. I did not know why. The Senator from Oregon told me just then that he got the word from the White House, from what he just said, or someone from the White House.

So that is the way it happened. That is the only thing involved here. I was kind of halfway for the amendment myself, but I knew, as I said, it was dead.

May I repeat what Senator Carl Hayden said here once, a longtime Member. Someone charged into him pretty hard because they did not bring his amendment back. He said, "Well, the House wouldn't take it." The other Senator said, "Why won't they

take it?" He said, "They didn't say." [Laughter.]

So sometimes they just do not say, but you can read it on their faces.

I thank the Senator.

Mr. CHILES. Will the distinguished chairman of the committee yield?

Mr. HATFIELD. I yield to the Senator from Florida.

Mr. CHILES. Mr. President, I think a remark was made earlier that this particular amendment would not cost any money but it would simply accelerate a payment. My understanding is that we are talking about really making five payments in 1 year and four payments thereafter. So any way you add that up, somehow you get another quarter in there. So there is no way you can say it does not actually cost some money. It is sort of the reverse of what we are doing by slowing down the COLA for 6 months and thereafter we make savings because we have done that. Here, when we pay this out, we actually have spent some extra money, have we not?

Mr. HATFIELD. The Senator is correct. There are five payments in 1983 under this amendment and four in 1984 and from there to eternity.

Mr. CHILES. So we are not really talking about whether we are going to give you the money earlier in the quarter and take it up the next time.

Mr. HATFIELD. It will add that amount of money to the deficit in 1983.

(Mr. PRESSLER assumed the chair.)

Mr. HEINZ. Will the Senator from Oregon yield for a question?

Mr. HATFIELD. Yes.

Mr. HEINZ. The Senator from Oregon suggested that he had received a message from the White House, the import of which was that the increase in revenue sharing moneys, or the acceleration of it, have it as you will, was on its face objectionable.

Now, my understanding—and maybe I am wrong—is that there is no objection by the President or by the White House per se to the acceleration of revenue sharing. What they were objecting to, as I understand it, was having a jobs bill that was more than the amount of money that they agreed to spend.

Obviously, if you took the revenue sharing amendment and did not choose to treat the acceleration and did not reduce the budget authority in some of these other programs that are spending out in 1984, 1985, or 1986, you could draw a veto. But is it not the case that the objection of the While House was to an aggregate amount of money as opposed to this amendment?

Mr. HATFIELD. I would say to the Senator that there was a meeting in the majority leader's office in which we sat down and went over the Senate version of the jobs bill. It was reputed to be $5.1 billion, including the $1.1 billion revenue sharing which was an unacceptable—that is title I—which was an unacceptable level. We indicated there were various ways we could go. With the counsel of the representatives of the White House, the first thing recommended to be deleted was revenue sharing, not only on the matter of getting down the total package, but on the amount that was going to be put against the deficit as well. That was part of the process.

Later, after that meeting, a later communication was that it would be vetoed if it were going to include that as part of the overall amount of money.

Mr. HEINZ. Just to be a little clearer, can I ask if they had left the $1.1 billion in revenue sharing in there, beause the vast majority of the members of the Senate Appropriations Committee, the conferees, were in favor of it, and you had reduced other parts of the jobs bill would it have been threatened with a veto under those circumstances, as long as it had been in the neighborhood of $4.6 billion?

Mr. HATFIELD. I think it was, because they asked for a reduction in all the other areas of the bill of about $500 million. They made two recommendations, to take the $1.1 billion out, and out of the other part of title I to reduce that by another half a billion dollars. If the Senator is alluding to the possibility that we could have reduced the total jobs title by $2 billion, which would have been $1.1 or approximately $1.6 billion and $500 million they asked in addition to the $1.1 billion, we would have dismantled the rest of title I in trying to reduce that by $1.1 billion plus the $500 million.

Mr. HEINZ. I understand that.

Mr. HATFIELD. That information was given to the conferees at the time. By the way, I want to make that part of the record, too. This so-called description that was given of that action which was totally distorted was the fact that when that first effort was made on the part of the House conferees to recede, I interrupted that action in order to delay that action, in order for them to have the full benefit of the information I was trying to get out to all parties. Then they themselves made it very clear that under those circumstances they did not want to recede. I think that ought to be part of the record, too.

Mr. HEINZ. I thank the Senator from Oregon for yielding.

Mr. HATFIELD. I just yielded for a question.

Mr. HEINZ. I thank the Senator. I appreciate it. I think he has made this very clear.

Mr. HATFIELD. Mr. President, I make a point of order against the amendment on the basis of violating section 311 of the Budget Act.

The PRESIDING OFFICER. The amendment of the Senator from Pennsylvania, by moving up to the beginning of the quarter payments due to the States at the end of the quarter, has the effect of increasing outlays for the current fiscal year and, as such, violates section 311 of the Budget Act.

Mr. SPECTER. Mr. President, this figure was included in the bill when it passed the Senate. How can a point of order lie against the inclusion of this figure now when this same figure was included in the jobs bill which had already passed the Senate?

The PRESIDING OFFICER. The amendment before the Senate must stand on its own merits, regardless of whether similar langauge was agreed to when the bill was considered by the Senate.

Mr. HEINZ. Mr. President, obviously, the alternatives available at this point are twofold. One would have been for me to move away from the Budget Act. I did not do it at the time. I did it once today and that was not very successful. The other alternative is simply to appeal the ruling of the Chair, which I would never do lightly. I am somewhat torn on the matter, but it seems to me that the principle here, which is whether the conferees had deserted the Senate position willy-nilly, is probably worth fighting for.

I yield to the Senator from Pennsylvania.

Mr. SPECTER. Mr. President, I am at a loss under our budget rules to understand how there can be a violation of the rules relating to budgeting when the motion which is being made here simply seeks to reinstate what the Senate had already voted for. I do think that the central issues here have been substantially obscured by the nature of the argument. When the distinguished Senator from Florida advances the contention that there would be a double payment in some quarters, I think that is not factually correct. There was no suggestion that there be an advance in any subsequent quarters but only in the fourth quarter. When the distinguished chairman of the Appropriations Committee sought to divert the argument with a series of characterizations which he places in my mouth about him, I have to diagree, and forcibly disagree.

I know what an indictment is, and there was no indictment of anybody. The recitation that I made was a factual recitation, and that recitation of facts is unchallenged, that the House had commenced to recede when the Senate conferees interrupted and insisted on receding. There was no characterization by me of any arrogance. That is a comment by the Senator from Oregon. There was no characterization by me of an abuse of power, no characterization of a conspiracy, and no indictment of any sort whatsoever.

Merely a recitation of the facts and whatever they be, so be it.

When the distinguished Senator from Mississippi says that he is familiar with conference reports where one house receded but did not say, that simply is not the fact here. They did say.

The distinguished chairman of the Appropriations Committee is accurate when he recites that the House chose to recede when he had presented his contentions that the bill might not be passed, but they made that choice, obviously, because the House did recede in this situation. But the factual presentation which I made is exact and meticulous to the last syllable, the last decimal point. Whatever those facts, so be it. I think the conclusion is that on the merits there was no admission that the money ought to be put into the pipeline.

As a matter of principle, the arguments of the chairman of the Appropriations Committee were made during the course of the presentation of this amendment, as he said this evening. He made the contention at that time that this bill would be vetoed if that additional sum was put into it. On that basis, this body voted 72 to 21 to include this amendment to advance these funds. That having been done, that is the judgment of this body and it ought to have been asserted at the conference, in my judgment.

Mr. HEINZ. Mr. President, I still have the floor.

Mr. President, I simply want to say that I have been reflecting on the ruling of the Chair. It is my considered judgment that when we vote on something in this body and we sent it to conference, and we come back here without it, irrespective of the technicalities involved, somehow the thought flies in the face of logic, although it does not fly in the face of the interpretation of the rules, that something that was acted upon and was appropriate to be acted upon in the first instance should suddenly now be determined to fall on a point of order. Therefore, I appeal the ruling of the Chair.

The PRESIDING OFFICER. The question is on an appeal of the ruling of the Chair.

Mr. HEINZ. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HATFIELD. Mr. President, I move to table the appeal and I ask for the yeas and nays.

Mr. METZENBAUM. Will the Senator withhold?

Mr. HATFIELD. I withhold.

Mr. METZENBAUM. Mr. President.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. METZENBAUM. Is my understanding correct that the Chair ruled that the motion was out of order by reason of section 311 of the Budget Act?

The PRESIDING OFFICER. The Senator is correct.

Mr. METZENBAUM. A further parliamentary inquiry:

Has the Congress completed action on the concurrent resolution on the budget before it to be reported under section 310(a) for this fiscal year?

The PRESIDING OFFICER. Congress has completed action on the concurrent resolution.

Mr. METZENBAUM. It has completed action?

The PRESIDING OFFICER. For this year and 1983, the Senator is correct.

Mr. METZENBAUM. It has completed action?

The PRESIDING OFFICER. The Senator is correct.

Mr. METZENBAUM. I thank the Chair.

Mr. HATFIELD. Now, Mr. President, I move to table the appeal. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the appeal from the ruling of the Chair. The yeas and nays have been ordered. The clerk will call the roll.

Mr. BAKER. Mr. President, there may still be one more vote tonight. I am not sure. I ask the Senators not to leave.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Alabama (Mr. DENTON), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. PACKWOOD), the Senator from Illinois (Mr. PERCY), the Senator from Vermont (Mr. STAFFORD), and the Senator from Idaho (Mr. SYMMS) are necessarily absent.

I further announce that, if present and voting, the Senator from Alabama (Mr. DENTON) and the Senator from Idaho (Mr. SYMMS) would each vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 62, nays 32 as follows:

[Rollcall Vote No. 45 Leg.]

YEAS—62

Abdnor	Armstrong	Baucus
Andrews	Baker	Bentsen
Boren	Hatfield	Nunn
Boschwitz	Hawkins	Pell
Bumpers	Hecht	Pressler
Chafee	Helms	Proxmire
Chiles	Hollings	Quayle
Cochran	Inouye	Roth
Cohen	Jepsen	Rudman
Danforth	Johnston	Simpson
DeConcini	Kassebaum	Stennis
Dixon	Kasten	Stevens
Dole	Laxalt	Thurmond
Domenici	Long	Tower
Eagleton	Lugar	Trible
Exon	Mathias	Wallop
Garn	Matsunaga	Warner
Gorton	Mattingly	Weicker
Grassley	McClure	Wilson
Hart	Murkowski	Zorinsky
Hatch	Nickles	

NAYS—32

Biden	Glenn	Metzenbaum
Bingaman	Heflin	Mitchell
Bradley	Heinz	Moynihan
Burdick	Huddleston	Pryor
Byrd	Humphrey	Randolph
Cranston	Jackson	Riegle
D'Amato	Kennedy	Sarbanes
Dodd	Lautenberg	Sasser
Durenberger	Leahy	Specter
East	Levin	Tsongas
Ford	Melcher	

NOT VOTING—6

Denton	Packwood	Stafford
Goldwater	Percy	Symms

So the motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. STENNIS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FORD. Mr. President, may we have order? I could not hear the distinguished Senator from Oregon.

The PRESIDING OFFICER. The Senate will be in order.

AMENDMENT NO. 82

Mr. HATFIELD. Mr. President, I move that we adopt amendment No. 82.

The PRESIDING OFFICER. The amendment has been adopted.

The clerk will report the remaining amendment in disagreement.

The legislative clerk read as follows:

The House insists upon disagreement to Senate amendment numbered 82.

Mr. HATFIELD. Mr. President, I ask unanimous consent that it be in order for the Senate to recede from its amendment No. 82 with an amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 118

Mr. HATFIELD. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Oregon (Mr. HATFIELD) proposes an unprinted amendment numbered 118.

Mr. HATFIELD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the matter striken and inserted by said amendment, insert the following:

SEC. 101. (a)(1) Notwithstanding any other provision of law, 75 per centum of the funds appropriated or otherwise made available in this title for each account listed in subsection (a)(5) shall be made available for projects and activities in civil jurisdictions with high unemployment, or in labor surplus areas, or in political units or in pockets of poverty that are currently or should meet the criteria to be eligible under the Urban Development Action Grant program administered by the Department of Housing and Urban Development.

(2) for purposes of this subsection, a "civil jurisdiction" is—

(A) a city of 50,000 or more population on the basis of the most recently available Bureau of the Census estimates; or

(B) a town or township in the State of New Jersey, New York, Michigan or Pennsylvania of 50,000 or more population and which possesses powers and functions similar to those of cities; or

(C) a county, except those counties which contain any type of civil jurisdictions defined in paragraphs (A) or (B) of this subsection; or

(D) a "balance of county" consisting of a county less any component cities and townships identified in paragraphs (A) or (B) of this subsection; or

(E) a county equivalent which is a town in the State of Massachusetts, Rhode Island, and Connecticut.

(3) For purposes of this subsection, a "civil jurisdiction with a high level of unemployment" is a civil jurisdiction that has been so classified by the Assistant Secretary for Employment and Training, United States Department of Labor. The Assistant Secretary shall classify a civil jurisdiction as having high unemployment whenever, as determined by the Bureau of Labor Statistics using the latest comparable data available from Departmental, State or local sources, the civil jurisdiction has had an average unadjusted unemployment rate over the previous twelve months of not less than ninety percent of the unadjusted average unemployment rate for all states during the same period. The Assistant Secretary, upon petition submitted by the appropriate State agency, may classify a civil jurisdiction as having high unemployment whenever the civil jurisdiction has experienced or is about to experience a sudden economic dislocation resulting in job loss that is significant both in terms of the number of jobs eliminated and the effect upon the employment rate of the area. The Assistant Secretary shall publish a list of civil jurisdictions with high unemployment, together with geographic descriptions thereof, as soon as practicable, but not later than 30 days after the date of enactment of this Act. This list shall be updated on a monthly basis thereafter, by adding civil jurisdictions that the Assistant Secretary of Labor deems to meet the above criteria.

(4) In classifying civil jurisdictions with high unemployment, the Assistant Secretary, in order to include those individuals actually unemployed, should consider modification of the criteria which counts as fully employed persons who worked at all as paid employees in their own business, profession or farm, or who worked fifteen hours or more in an enterprise operated by a member of the family.

(5) The provisions of this subsection shall apply only to funds appropriated or otherwise made available in this title to:

GSA—Repairing Federal Buildings
Mass Transit Grants
Amtrak Grants
Repairing VA Hospitals
Economic Development Administration
SBA Business loan and investment fund
SBA Natural Resources Development
Repairing Urban Parks
Improving and Maintaining National Parks
Preserving National Forests
Fish and Wildlife Facilities
Rural Water and Waste Disposal Grants
Resource Conservation and Development
Soil Conservation Service Activities
Family Housing for the Military
School Facilities

Provided, That Corps of Engineers funds shall also be subject to the provisions of this subsection to the extent practicable.

(6) For projects encompassing a civil jurisdiction with high unemployment labor surplus areas, or political units or pockets of poverty that are currently or should meet the criteria to be eligible under the Urban Development Action Grant program administered by the Department of Housing and Urban Development, as defined in subsection (a)(1), (a)(2), and (a)(3), and a non-eligible area, such project shall be eligible for funds under this subsection.

(b)(1) Notwithstanding any other provision of law, and subject to the provisions of subsection (b)(5), the head of each Federal agency to which funds are appropriated or otherwise made available under this title, with respect to any program distributed according to a formula grant by State, shall allot the funds as follows:

(A) One-third of such sums for each such program shall be allotted among the States on the basis of the relative number of unemployed individuals who reside in each State as compared to the total number of unemployed individuals in all of the States.

(B) One-sixth of such sums for each program shall be allotted among "long-term unemployment States", to be allotted among "long-term unemployment States" on the basis of the relative number of unemployed individuals who reside in each "long-term unemployment State" as compared to the total number of unemployed individuals in all "long-term unemployment States".

(C) One-half of such sums for each such program shall be allocated among the States on the basis of the provisions of law authorizing each such program.

(2) States receiving allotment of funds under this subsection shall to the extent practicable utilize such funds in areas of the State where unemployment is highest and has been high for the longest period of time and for authorized purposes which have the greatest immediate employment impact.

(3) For purposes of this subsection:

(A) The term "State" means each of the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

(B) The number of unemployed individuals who reside in each State, as well as the total number of unemployed individuals in all of the States, shall be determined by the Bureau of Labor Statistics of the Department of Labor for the month of January 1983.

(C) The term "long-term unemployment State" means any State in which the average unadjusted unemployment rate was equal to or above the unemployment rate of 9.4 percent for the period of June 1982, through November 1982.

(4) Notwithstanding any other provision of law, and subject to the provisions of subsection (b)(5), the head of each Federal agency to which funds are appropriated or otherwise made available under this title, with respect to any program distributed according to a formula grant to political subdivisions of the States, shall allot the funds or other authority provided by this title first, among the States in the manner specified in section (b)(1) and second, among the political subdivisions of that State, to the extent practicable under subsection (b)(2), in accordance with the allocation factors contained in the provision of law authorizing each such program.

(5) The provisions of subsection (b)(1) or (b)(4) as the case may be, of this subsection shall apply to funds appropriated, or otherwise made available, under this title to—

Community Development Grants;
Social Services Block Grants;
Community Services Block Grant;
Library Services and Construction Act;
Rebuilding Aviation Infrastructure.

(c) The head of each Federal agency to which funds are appropriated otherwise made available under this title, or States, or political subdivisions of States, which receive allotment of funds under this title shall to the extent practicable utilize such funds in a manner which maximizes immediate creation of new employment opportunities to individuals who were unemployed at least fifteen of the twenty-six weeks immediately preceding the date of enactment of this Act. It is the intent of the Congress that funds appropriated or otherwise made available under this title be obligated and disbursed as rapidly as possible so as to quickly assist the unemployed and the needy as well as minimize future year budgetary outlays.

(d) Funds or authority to be made available for projects and activities in civil jurisdictions or States with high unemployment, labor surplus areas, or political units or pockets of poverty that are currently or should meet the criterion to be eligible under the Urban Development Action Grant program administered by the Department of Housing and Urban Development, or to State or sub-State jurisdictions, in accordance with this section, but which cannot be rapidly or efficiently utilized shall be identified in a report transmitted to Congress by the Office of Management and Budget not later than thirty days following enactment of this Act. Not later than ten days following transmittal of such report, such funds shall be reallocated on the basis of the provisions of law authorizing each such program.

Mr. HATFIELD. Mr. President, let me briefly outline amendment 82, which is the targeting amendment.

As Senators will recall from reading the RECORD this morning, which printed the full conference report—it was the only way we could get the conference report distributed. We got it to the printer at midnight last night. We wanted to get it out to the membership as quickly as possible. The conference committee ended up with a targeting amendment. It was a combination of a Senate-passed position with which we went to conference.

We created, in effect, a two-part target. We took the modified House version and merged it with the Senate version. We had, in effect, two targeting procedures with two set of programs.

In the activity of the conference, what we did was to modify considerably the House portion of that new targeting formula. When the House went back today to present the conference report, the original author of the House position, Mr. EDGAR of Pennsylvania, took the floor to oppose the conference committee recommendation and, through a record vote, was able to amend that amendment and put it back to us in a different form to which we had agreed in conference.

What we have done here was to try to restore again the basic concept to which we had agreed in conference—namely, putting together the Senate and the House positions.

We have been in conference with most of the parties in the Senate Chamber who have been involved in the targeting question from early on. I see the Senator from New York (Mr. D'AMATO), the Senator from Indiana (Mr. QUAYLE), the Senator from South Dakota (Mr. ABDNOR), the Senator from Pennsylvania (Mr. SPECTER), the Senator from West Virginia (Mr. BYRD), the Senator from Mississippi (Mr. STENNIS), the Senator from Louisiana (Mr. JOHNSTON). That is not an exclusive list, but those are some of the Members who have participated very much in this issue.

What we have done is to show them what we are attempting to do in this amendment to the House amendment, and what best represents the position is that each person has reviewed it and signed off, so to speak, in proposing this substitute.

We have been in discussion with Mr. EDGAR, on the House side, who says that the Speaker supports his position.

Mr. EDGAR says that this amendment is now satisfactory, as we have suggested it to the body here tonight.

So this is the best we could do under the circumstances in trying to retain some part of the Senate position.

Basically, the House position is to spread a part of the targeting through 8,500 political jurisdictions. We had attempted to restrict the targeting to 50 State jurisdictions. So some raised questions—such as the Senator from Texas, who had high pockets of unemployment within his State which did not overall qualify for the targeting formula. In this particular type of House provision, we now cover 8,500 jurisdictions which are counties, cities, and so forth.

If I go much further, I might confuse myself, so I am going to suggest that that is the extent of my explanation, unless there are questions.

Mr. WEICKER. Mr. President, I would like to direct an inquiry to the distinguished manager regarding the manner in which the formula for distribution of funds under the amendment would affect appropriations for impact aid construction projects. As you know, the conferees agreed upon an overall level of $60,000,000 earmarking funds for local schools—$25 million—Federal schools—$10 million—and Indian schools—$25 million.

These funds were provided with assurance that they could be spent quickly by the Department because of the longstanding list of priority projects which have received approval and have been ranked in order of need, but for which sufficient funds have not been made available.

My concern, very frankly, is twofold. First, the amendment would appear to override the earmarks provided by the conference report and, second, disregard the priority list of projects. For example, we have set aside $25 million for Indian schools. Unemployment on Indian reservations is high and chronic. Yet, Indian reservations do not appear to qualify as civil jurisdictions under the amendment—nor, is it my understanding that they qualify under UDAG criteria.

Mr. HATFIELD. I thank my colleague, the chairman of the Labor, Health and Human Services, and Education Subcommittee. I understand his concern regarding the applicability of this amendment to impact aid. However, I would point out to the Senator that his concerns are adequately addressed by section (b)(4) of my amendment. First, since funds are intended to be quickly dispersed in order to create jobs, the Director of OMB is required to make a determination as to whether the funds appropriated can be quickly expended under the targeting provisions. However, if, as in the case of impact aid, it is not possible to expend the funds quickly under the targeting formula, the funds shall be allocated under existing law in accordance with the priority list. Second, with respect to the earmarks for Indian and other schools, it is not the intent of the amendment to override these provisions of the conference report. Thus, $25 million must be available for Indian schools, $25 million for local schools, and $10 million for Federal schools.

Mr. WEICKER. I thank the Senator for his clarification.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. HATFIELD. I yield.

Mr. BAKER. I thank the Senator for yielding.

Mr. President, I have worked with the chairman of the Appropriations Committee, and I fully support his proposal. I believe he has done the best that can be done under the circumstances, and he has proposed a remarkably good piece of legislation to return to the House for their further consideration.

Mr. STENNIS. Mr. President, I fully support the position outlined by the chairman.

SEVERAL SENATORS. Vote. Vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 118) was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SENATOR NUNN ON MILITARY STRATEGY

Mr. BYRD. Mr. President, the administration-proposed defense plan is the object of increasing concern among many Members of this body, among many thoughtful Senators who have over the years proved their support for an adequate national defense. Their concern is that the forces embodied in the 5-year plan will not do the job laid out by the administration. Some are worried that America cannot deliver on its commitments. Others are worried that even the forces requested will never materialize over the next 5 years because they are unrealistically underpriced.

One of the most thoughtful and respected Members of this body, the distinguished Senator from Georgia (Mr. NUNN) has recently delivered an address on the problems of implementing the Reagan defense program. He finds a fundamental mismatch between the forces available and the forces which would be needed to achieve the Reagan military strategy. As a result, he argues for a series of changes in our military strategy. He emphasizes the need for more credible conventional forces and more equitable burden-sharing arrangements with our allies.

I commend the address, entitled "The Need to Reshape Military Strategy," to my colleagues and ask unanimous consent that it be inserted in the RECORD at this point.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE NEED TO RESHAPE MILITARY STRATEGY

I am honored to present the first David Abshire Lecture on the subject of military strategy. Dave himself has contributed much in this area with his expertise, his vision and his wisdom.

The Georgetown Study Group on Strategy, which Congressman Dick Cheney and I have co-chaired for the past two years, has attempted to rethink U.S. military strategy. With superb support from Dave Abshire, Joe Jordan, Mike Moodie, Jim Woolsey and

others from the Center, this group has met many times to study, analyze and critique, and we are now beginning to reach conclusions.

Some of the points I will make today have been discussed in our strategy group, but I want to make it clear that I speak only for myself, and my views do not represent the group's views. I heard a definition of strategy as I was putting these thoughts together that I think will give you due warning about what will follow. It has been said that military strategy is the art of looking for danger, finding it everywhere, diagnosing it inaccurately, and prescribing the wrong remedy. With that caveat I will proceed, but I will proceed only by telling you that I am not so presumptuous as to call my own ideas a grand strategy or even a comprehensive military strategy. I do offer these thoughts as a catalyst for our Georgetown stud group report. I hope that report will stimulate a meaningful national dialog.

Although the threats facing the United States have changed, our fundamental national security objectives have remained constant since the late 1940s. There are:

1. Protecting the American homeland;
2. Preventing Soviet domination of the Eurasian land mass;
3. Ensuring our access to overseas resources and foreign markets.

THE PERSPECTIVE

In the aftermath of World War II, the U.S. clearly possessed the most potent military and economic capability on the globe. In the 1950s and 1960s, the U.S. enjoyed a nuclear advantage, and the threat of escalation to nuclear weapons remained credible. During this period, our nation attempted to field conventional forces capable of coping simultaneously with major conflicts in Europe and Asia while holding sufficient military forces in reserve to handle a smaller contingency elsewhere. This was often labeled the 2½ war strategy.

In the wake of the Vietnam War, the Sino-Soviet split and the emerging relationship between the U.S. and the People's Republic of China, our military strategy was adjusted to one of being perpared to fight one war in Europe or Asia, while also being able to fight a small war elsewhere. This was sometimes oversimplified by calling it a 1½ war strategy.

During the 1970s, America was confronted with significant changes: (1) the advent of nuclear parity, (2) greater American dependence on foreign resources and foreign trade, and (3) vastly improved Soviet conventional military forces.

Since 1979, the announced purposes of U.S. military strategy have been substantially inflated, reversing the trend in the post-Vietnam era. Starting with President Carter's commitment to protect U.S. interests in the Persian Gulf, we have asked our military forces to take on new and demanding tasks in addition to traditional U.S. military obligations in Europe and the Far East.

Secretary of Defense Weinberger has testified that this Administration's "long-term goal is to be able to meet the demands of worldwide war, including concurrent reinforcement of Europe, deployment to Southwest Asia and the Pacific, and support for other areas . . ." Some would say that this amounts to a 3½ war strategy.

THE STRATEGY-RESOURCES MISMATCH

Despite these expanding obligations, U.S. force levels have remained essentially static. The inevitable result has been a widening gap between forces on hand and forces needed to achieve our military strategy. The Joint Chiefs of Staff in 1982 recommended force levels that could cost up to $750 billion more than the $1.6 trillion requested in the Administration's Five-Year Defense Plan.

In short, our military strategy far exceeds our present capability and projected resources. General David Jones, former Chairman of the Joint Chiefs, recently stated, "The mismatch between strategy and the forces to carry it out . . . is greater now than it was before because we are trying to do everything." As Army Chief of Staff General Edward C. Meyer has stated, "We are accepting tremendous risks with the size of the forces that we have, to do what we have pledged to do."

A huge increase in force levels would be needed to provide any reasonable assurance that the U.S. could carry out the military strategy now in the posture statement. But these additional forces would cost many billions more than we can expect to allocate to defense spending. We will be fortunate in the current economic circumstances to maintain real growth in defense spending of between five and seven percent per year.

OUR CHOICES

This obviously poses a serious dilemma.

A sound military strategy must be predicated on a calculated relationship between ends and means. Based on this definition, there would appear to be three alternatives: (1) alter our global national security objectives, (2) increase the resources for defense, or (3) change our military strategy.

Are we prepared as a nation to redefine our vital interests and, therefore, our military objectives? Do we write off Europe, or the Persian Gulf, or Northeast Asia?

If we are not so inclined—and I submit that we are not—are the Congress and the American people prepared to increase greatly the military budget over the current Reagan plan? The answer to this is obvious.

If we cannot afford to give up our national security objectives and we are not willing to spend huge additional funds for defense, then we are left with the third alternative: change our military strategy.

KEY REALITIES

In determining a realistic and sound military strategy and in allocating our finite resources, we must begin with certain realities.

UNDERSTANDABLE STRATEGY

First, any new strategy must be comprehensible and convincing to the American people and their elected representatives. It must be understandable and clearly related to what this nation wants to protect and to the means available to do so.

NUCLEAR WEAPONS—CONVENTIONAL WAR

Second, the threat of nuclear responses to non-nuclear aggression is becoming less credible. There is a growing aversion to nuclear weapons in the Western world which is beginning to be reflected in the various peace and freeze movements.

Certainly, there are some unilateral disarmers in the freeze movement, but there are also many sincere people who are searching for a defense and arms control policy entailing less nuclear risk. To them, I say frankly—we must place the conventional horse before the nuclear cart. Nuclear parity means that we can neither tolerate serious deficiencies in our nuclear deterrent nor continue to tolerate longstanding deficiencies in our conventional forces.

The bottom line is that even with the modernization of our nuclear forces, the nuclear "crutch" on which we have leaned for so long is no longer sufficient to compensate for conventional weaknesses. The conventional leg of NATO's defenses must come out of its cast. We must prepare our conventional forces to deter and defeat conventional aggression.

ALLIANCE STRATEGY

Third, any new U.S. strategy must be based on a partnership with our allies. Indeed, no discussion of U.S. military strategy can ignore America's historic and continuing dependence on powerful allies as a means of fulfilling our own national security objectives. Today, the United States enjoys in Europe and Asia a network of allies whose combined economic power and potential military power exceeds our own, although none devotes as much of its national wealth to defense as the United States. As Tom Callaghan has stated, "The Alliance must pool its enormous industrial and technological resources, eliminate all unnecessary duplication of defense efforts, and share the financial burdens and economic benefits."

HARD CHOICES

Fourth, hard choices are unavoidable. We lack the budgetary and manpower resources to do everything we now wish to do simultaneously. Two years ago the Reagan Administration announced a program to: modernize most of our strategic nuclear forces, increase and modernize our conventional force structure, build a 600-ship Navy, and improve readiness, sustainability and military pay across the board. It is now obvious that the Reagan program cannot be fully implemented.

NEEDED—A VIABLE CONVENTIONAL STRATEGY

With these dilemmas, questions and realities in mind, I believe that our principal military challenge is the development of a military strategy and military forces that deny the Soviet Union any prospect of achieving its objectives through conventional aggression.

While maintaining a nuclear deterrent, such a strategy would provide a much broader firebreak between conventional and nuclear war.

Such a strategy would confront the Soviets, rather than ourselves, with the grim choice of being denied the fruits of military success or assuming the terrible risk of crossing the nuclear threshold.

Such a strategy would counter attempted Soviet conventional aggression in a manner that would leave the Soviet empire and the Soviet military establishment in a far weaker position at the end of hostilities.

Such a strategy would not have NATO occupy the Soviet Union. As the late Field Marshall Montgomery remarked, "There are only two ageless principles of war—don't invade Russia and don't invade China."

SOVIET WEAKNESSES

In developing a viable conventional strategy, we must focus on Soviet weaknesses and Western strengths.

In wartime, Soviet force planners would confront a number of inherent weaknesses, including the tenuous land lines of communication connecting European Russia with Soviet forces in the Far East, the unreliability of their Warsaw Pact allies, and the lack of easy Soviet naval access to the high seas. We should establish a set of new military goals that would exploit these weaknesses.

KEEPING RUSSIAN FORCES IN RUSSIA

First and foremost, I suggest a broad military goal that I would label "Keeping Russian Forces In Russia."

We have looked at the huge Soviet land mass as an asset to the Russians. It can also be converted into a serious liability for them. Across this huge land area, the Soviets have tenuous lines of communication and limited access to the sea. They have potential adversaries on most of their borders.

We should let the Soviets know that if they invade Europe or the Persian Gulf, we would seek to tie down their forces in the Far East and in other areas of the Soviet Union. We would not seek to accomplish this through direct assault on these forces but rather through destruction of their lines of communication. I am under no illusions that this will be an easy task, but every step we take to add to our own capability for this mission greatly increases deterrence, both militarily and psychologically.

While I do not believe the West should count on the Chinese opening a second front if the Soviets invade Western Europe, I do believe the Soviets would think long and hard if they believe that their Far East forces could be isolated.

NO SANCTUARY IN EASTERN EUROPE

Our military capabilities also should send an unmistakable message that Eastern Europe will not be a sanctuary if the Soviets invade Western Europe. Eastern Europe is a potential Achilles heel for them.

It should be made clear to the Soviets that, in the event of European war, violence will not be confined to Western Europe—that their forces in or passing through Eastern Europe will be subjected to attacks ranging from deep aerial strikes to commando and partisan raids.

To wage war against NATO, the Soviets must move massive forces and supplies from Western Russia across Eastern Europe including Poland and Czechoslovakia, countries whose peoples have long resented—and occasionally resisted—membership in the Soviet empire. In a war we should not permit Moscow to count upon their continued, even if enforced, loyalty. In the 1950s, we trained and fielded special stay-behind forces dedicated to disrupting Soviet military activity in occupied territory and to promoting indigenous popular resistance. This concept should be revived; the very recreation of such forces would strengthen deterrence by putting the Soviet Union on notice that it could not expect a free ride in Easten Europe in the event of an invasion of Western Europe.

DENY RUSSIAN USE OF THE SEA

Another element of keeping the Russians in Russia would depend on our Navy.

In peacetime, the Navy plays a vital role in the nuclear deterrent and operations in support of American interests overseas.

In wartime, the primary goal of our naval forces should be to deny Russia use of the sea.

This has been described as "gaining sea control" or "defending the sea lines of communication." I would put it more directly and simply as "sinking the Soviet fleet and bottling up the remnants." I would include the Russian merchant marine and fishing fleet which operate in concert with the Soviet Navy.

By sinking and blocking this fleet we would gain sea control, protect the lines of communication and also, at war's end, leave no viable opposing navy to threaten us, whatever the outcome on land. This task is no longer a matter of battle force against battle force in a World War II manner, but primarily our submarines and aircraft operating against enemy submarines, land-based air, and surface ships.

As part of this task, our naval forces, assisted by land-based air, should have the mission of controlling the choke points that limit Russian access to the sea. The best way to keep the Soviet Navy in its proper place is to keep it bottled up in the Norwegian, Baltic and Black Seas and the Sea of Japan.

Even if we have to repaint some Air Force planes Navy blue and gold, we must insist that our naval strategy be based on full utilization of land-based air.

I do not believe that we should take on Soviet naval power through massive employment of our carrier-based air power directly against heavily defended ports and naval installations in the Soviet homeland.

ENHANCE WESTERN STRENGTHS

We must also design our strategy to take advantage of our military strengths. The U.S. and its allies possess marked advantages over the Soviet Union in ocean access, tactical airpower, anti-submarine warfare capabilities, the training of our military manpower, and advanced technologies such as precision-guided munitions, micro-electronics and cruise missiles.

If properly exploited, our technological advantages can be in no small measure offset the Soviet Union's longstanding superiority in numbers. By properly exploited, I mean utilizing our technological know-how not just to improve weapon performance but also to enhance cost-effectiveness, operability, maintainability and reliability.

One area in which our technological prowess can be brought to bear is our tactical air power. U.S. tactical air power has long enjoyed advantages both in quality and in pilot skills. We should dedicate ourselves to the goal of achieving tactical air superiority in any theater of operations deemed vital to the U.S. within a few days after the outbreak of hostilities.

By providing improved conventional munitions for delivery from standoff ranges as a top procurement priority, we can apply our technological genius to multiply dramatically the military effectiveness of our existing aircraft. We must also maintain our advantages in tactical intelligence and command and control.

GUARD—RESERVE

This stepped up tactical air capability should be accomplished primarily through the Guard and Reserve forces. The Guard and Reserves in all four services have demonstrated repeatedly that it is possible to maintain a degree of readiness and combat skills equivalent to or even superior to that of their active duty counterparts.

If we truly want to increase U.S. defense capabilities within reasonable budget resources, we should also plan to increase the role of our reserve forces in many other areas. Countries as disparate as Israel, Sweden, and the Netherlands have shown what is possible to do with properly trained and properly equipped reserve forces.

Integrated active and reserve forces could yield the United States a less costly, yet more combat-effective, force structure characterized by larger, readier reserves. The time has come to stop parroting the virtues of the total force concept and make it a reality. Truly ready reserve forces are perhaps the best defense bargain available.

FORMIDABLE TASKS

I have outlined a number of changed military tasks for U.S. forces. When implemented, these new capabilities would greatly enhance NATO's ability to carry out its longstanding doctrine of forward defense.

The imperative question must now be posed. If U.S. forces are to undertake these new tasks and continue to provide an effective nuclear deterrent, what should be the role of our allies?

Before getting into a discussion about Europe, I must add that the Japanese clearly must be consulted with respect to their announced goal of defending the air lanes and the sea lanes within 1,000 miles of their homeland. Clearly, that is something we should expect from our Japanese allies, and that is something their own Prime Ministers have announced as their goal.

RETHINKING EUROPE'S FORWARD DEFENSE

We clearly must rethink NATO's present doctrine of forward defense. The political desirability of conceding as little European territory as possible to an invader is not at issue. What is at issue is whether that object is properly served by the current organization, disposition and operational doctrine of NATO forces dedicated to Europe's forward defense. I do not believe that it is.

A large gap exists in NATO's ability to implement the sacred principle of forward defense. NATO is thus confronted with a choice: either to drop the concept of forward defense as part of NATO's doctrine; or to convert forward defense from a theory into a reality by reallocating the NATO defense burden.

U.S. ground forces are and must remain a vital part of the defense of Europe. To properly implement the new Army-Air Force doctrine of Airland Battle, our forces must emphasize maneuverability and flexibility, lighter reinforcements, special operations forces, communications and second echelon attack.

The Allies, however, must increasingly provide the basic ingredients for Europe's initial forward defense, including heavy ground forces, more effective utilization of their vast pool of trained reserves and the possible employment of barrier defenses. In short, if U.S. forces in Europe are to assume the primary responsibility for disrupting and destroying Soviet second echelon forces, European units must assume the primary responsibility for holding the first echelon in check.

In my judgment, the United States should take steps over time, in close consultation with our allies, to make these shifts. If the Europeans do not adjust, military gaps which presently exist will quickly become even more pronounced.

If it is politically essential that forward defense remain a key part of NATO's strategy, it is no less politically essential that our European allies explain to their citizens why they are not providing the forces to implement the forward defense of their territory.

PERSIAN GULF

Each of the changes I have proposed would provide U.S. forces more flexibility to meet contingencies outside Europe including the Persian Gulf while still contributing to the defense of Europe.

We should, however, take a closer look at the Rapid Deployment Force: its purpose, its size, its composition and its command arrangements. When this is done, I believe we will find that the RDF should be built

mainly around the Navy, Marine and light Army forces which already have long experience and training for just such purposes.

We should not plan to slug it out tank for tank with Soviet forces in areas along the Soviet periphery. We must structure our forces for tasks that are achievable. This means emphasizing light, strategically mobile reaction forces designed to beat the Russians to the vital ground and thereby confront them with the choice of backing off or firing the first shot in a war between two nuclear-armed states. We should also strongly emphasize tactical air and other military capabilities designed to isolate Soviet field forces by severing their lines of communication.

ARMS CONTROL

Let me close by saying that arms control must be an inseparable component of any military strategy in the last quarter of the 20th Century.

Our arms control efforts must, like our military strategy, reflect certain realities.

We must recognize that a coalition military strategy demands a coalition arms control strategy. Our arms control efforts must enjoy the confidence of our allies as well as our own citizens. We must develop a bi-partisan approach to arms control that has some hope of continuity beyond one administration.

I have suggested a number of proposals in the last several years toward these goals. They include creation of a bi-partisan commission to oversee our arms control efforts, improving hot line communications between the US and the USSR; regular visits and exchanges between US and Soviet defense and military leaders; establishment of a U.S. and Soviet manned crisis control center to help prevent an accidental nuclear war; the Cohen-Nunn guaranteed build-down proposal in which both sides would eliminate two warheads for each new one added; and a proposal to reduce significantly battlefield nuclear systems in NATO. In regard to battlefield nuclear weapons, the increasing obsolescence of many of them and the continuing absence of any persuasive doctrine for their use make certain battlefield systems prime candidates for a unilateral reduction. Such a reduction would signal our good faith bargaining position and present to the Soviets a challenge to reciprocate—or to explain to the European public why they refuse.

CONCLUSION: A RESHAPED STRATEGY NEEDED NOW

In conclusion, the U.S. political, economic and military margin for error has diminshed significantly since World War II. Our principal adversary is stronger but so are our allies. We now face the need to reshape our military strategy. In so doing, we need to engage our minds as well as our pocketoooks. More money for defense is a necessity; but spending more money without a clear sense of ultimate purpose or priority will not result in a sound strategy or an adequate security.

I have recommended today a few concepts for military strategy that places a premium on out-thinking the potential aggressor:

1. that seeks to apply our strengths against his weaknesses, not our weaknesses against his strengths;

2. that requires a greater contribution by the Allies, and substantially greater cooperation among us all;

3. that includes fully exploiting our technological advantages including tactical air and improved munitions;

4. that makes better use of our Reserve and National Guard; and

5. a strategy that in particular seeks to avoid depending on nuclear weapons to deter conventional attack.

In an era of nuclear parity, defense and deterrence are inseparable. The ability, actual or perceived, to wage war successfully is the best means of avoiding the necessity to wage it at all. This should be the driving force behind our objectives, our goals and our strategy. As George C. Marshall observed—"If man does find the solution for world peace it will be the most revolutionary reversal of his record we have ever known."

In a nuclear age our task is clear but awesome—we must reverse the record of history.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 2 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following joint resolutions, without amendment:

S.J. Res. 35. Joint resolution designating the week beginning March 20, 1983, as "National Mental Health Counselors Week"; and

S.J. Res. 65. Joint resolution designating March 21, 1983, as Afghanistan Day."

The message also announced that the House has passed the following bill and joint resolution, in which it requests the concurrence of the Senate:

H.R. 1149. An act to designate certain national forest system and other lands in the State of Oregon for inclusion in the National Wilderness Preservation System, and for other purposes; and

H.J. Res. 175. Joint resolution to authorize and request the President to proclaim May 1983 as "National Amateur Baseball Month."

ENROLLED JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker has signed the following enrolled joint resolutions:

S.J. Res. 35. Joint resolution designating the week beginning March 20, 1983, as "National Mental Health Counselors Week"; and

S.J. Res. 65. Joint resolution designating March 21, 1983, as "Afghanistan Day."

The enrolled joint resolutions were subsequently signed by the President pro tempore (Mr. THURMOND).

At 7:56 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1718) making appropriations to provide emergency expenditures to meet neglected urgent needs, to protect and add to the national wealth, resulting in not make-work but productive jobs for women and men and to help provide for the indigent and homeless, and for other purposes; it recedes from its disagreement to the amendments of the Senate numbered 10, 12, 19, 26, 44, 54, 60, 74, 75, 77, 81, and 83 to the bill, and has agreed thereto; it recedes from its disagreement to the amendments of the Senate numbered 1, 2, 9, 16, 21, 22, 27, 28, 64, 71, 76, 79, 88, 89, 90, 91, 92, 97, and 98 to the bill, and has agreed thereto, each with an amendment, in which it requests the concurrence of the Senate, and it insists upon its disagreement to the amendment of the Senate numbered 82 to the bill.

The message also announced that the House has passed the following bill, without amendment:

S. 366. An Act to settle certain claims of the Mashantucket Pequot Indians.

The message further announced that pursuant to the provisions of section 1, Public Law 86-420, as amended, the Speaker appoints as members of the U.S. Delegation of the Mexico-United States Interparliamentary Group for the 1st session of the 98th Congress the following Members on the part of the House: Mr. DE LA GARZA, chairman, Mr. YATRON, vice chairman, Mr. KAZEN, Mr. SKELTON, Mr. KOGOVSEK, Mr. ALEXANDER, Mr. BARNES, Mr. LAGOMARSINO, Mr. RUDD, Mr. GOODLING, Mr. DREIER of California, and Mr. BEREUTER.

ENROLLED BILL SIGNED

At 8:12 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the Speaker has signed the following enrolled bill:

H.R. 1936. An act to amend title 37, United States Code, to extend certain expiring enlistment and reenlistment bonuses for the Armed Forces.

The enrolled bill was subsequently signed by the President pro tempore (Mr. THURMOND).

HOUSE MEASURES REFERRED

The following bill and joint resolution were read the first and second times by unanimous consent, and referred as follows:

H.R. 1149. An act to designate certain national forest system and other lands in the State of Oregon for inclusion in the National Wilderness Preservation System, and for other purposes; to the Committee on Energy and Natural Resources.

H.J. Res. 175. Joint resolution to authorize and request the President to proclaim May 1983 as "National Amateur Baseball Month"; to the Committee on the Judiciary.

ENROLLED JOINT RESOLUTIONS PRESENTED

The Secretary reported that on today, March 22, 1983, he had presented to the President of the United States the following enrolled joint resolutions:

S.J. Res. 35. Joint resolution designating the week beginning March 20, 1983, as "National Mental Health Counselors Week"; and

S.J. Res. 65. Joint resolution designating March 21, 1983, as "Afghanistan Day."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. TOWER, from the Committee on Armed Services, with an amendment in the nature of a substitute and an amendment to the title:

S. 653: A bill to amend chapter 104, title 10, United States Code, to establish the Foundation for the Advancement of Military Medicine, and for other purposes.

By Mr. THURMOND, from the Committee on the Judiciary, without amendment and with a preamble:

S.J. Res. 11: A joint resolution entitled "National Safety in the Workplace Week."

S.J. Res. 31: A joint resolution to authorize and request the President to designate April 23, 1983, as "Army Reserve Day."

S.J. Res. 36: A joint resolution designating April 29, 1983, as "National Nursing Home Residents Day."

S.J. Res. 43: A joint resolution to declare Baltic Freedom Day.

S.J. Res. 58: A joint resolution to authorize and request the President to designate May 25, 1983, as "Missing Children Day."

By Mr. HATCH, from the Committee on Labor and Human Resources:

Special report entitled "Legislative Review Activity of the Committee on Labor and Human Resources" (Rept. No. 98-30).

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs:

Special report entitled "First Monetary Policy Report for 1983" (Rept. No. 98-31).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation:

Conrad Fredin, of Minnesota, to be a member of the Advisory Board of the St. Lawrence Seaway Development Corporation; and

Terrence M. Scanlon, of the District of Columbia, to be a Commissioner of the Consumer Product Safety Commission for a term expiring October 26, 1989.

(The above nominations were reported from the Committee on Commerce, Science, and Transportation, with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. PACKWOOD. Mr. President, for the Committee on Commerce, Science, and Transportation, I also report favorably nomination lists in the Coast Guard which have previously been printed in their entirety in the CONGRESSIONAL RECORDS of January 25, February 16, and March 9, 1983, and, to save the expense of reprinting them on the Executive Calendar, I ask unanimous consent that these nomination lists lie on the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

By Mr. HATCH, from the Committee on Labor and Human Resources:

Mr. HATCH. Mr. President, for the Committee on Labor and Human Resources, I report favorably a nomination list in the Public Health Service which was printed in full in the CONGRESSIONAL RECORD of February 14, 1983, and, to save the expense of reprinting them on the Executive Calendar, I ask unanimous consent that these nominations lie on the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

By Mr. TOWER, from the Committee on Armed Services:

John H. Sherick, of Virginia, to be Inspector General, Department of Defense.

Mr. TOWER. Mr. President, from the Committee on Armed Services, I report favorably the following nominations: Col. Willard L. Wallace, U.S. Army Reserve, to be brigadier general; Brig. Gen. William C. Groeniger III and Brig. Gen. John J. Salesses, U.S. Marine Corps Reserve, to be major generals; and Col. Richard P. Trotter, U.S. Marine Corps Reserve, to be brigadier general. I ask that these names be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, in addition, in the Air Force there are 2,253 appointments to the grade of captain and below—list begins with Craig R. Abbott. Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of March 15, 1983, at the end of the Senate proceedings.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. KENNEDY:

S. 874. A bill to provide for a program for the improvement of instruction in mathematics and science, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. MATHIAS (for himself, Mr. THURMOND, Mr. HEFLIN, and Mr. WARNER):

S. 875. A bill to amend title 18 of the United States Code to strengthen the laws against the counterfeiting of trademarks, and for other purposes; to the Committee on the Judiciary.

By Mr. BENTSEN:

S. 876. A bill entitled the "Science Education Improvement Act of 1983"; to the Committee on Finance.

By Mr. HOLLINGS (for himself and Mr. MITCHELL):

S. 877. A bill to require the National Weather Service to report routinely on the levels of acid content found in precipitation and dry deposition throughout the United States, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. HEFLIN:

S. 878. A bill to authorize and direct the Secretary of the Army to correct certain erosion problems along the banks of the Warrior River near Moundville, Ala.; to the Committee on Environment and Public Works.

By Mr. CHAFEE:

S. 879. A bill to authorize depository institutions to engage in securities activities; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. PRESSLER:

S. 880. A bill to amend the Communications Act of 1934 to provide equity to daytime radio broadcasters; to the Committee on Commerce, Science, and Transportation.

By Mr. HOLLINGS:

S. 881. A bill to amend the Federal Food, Drug, and Cosmetic Act to eliminate certain requirements with respect to colored oleomargarine; to the Committee on Labor and Human Resources.

By Mr. PELL (for himself and Mr. STAFFORD):

S. 882. A bill to establish an art bank; to the Committee on Labor and Human Resources.

By Mr. McCLURE (for himself, Mr. WARNER, Mr. LAXALT, Mr. HECHT, Mr. SYMMS, and Mr. WALLOP):

S. 883. A bill to amend the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.) to expedite exploration and development of geothermal resources; to the Committee on Energy and Natural Resources.

By Mr. DURENBERGER (for himself and Mr. BOSCHWITZ):

S. 884. A bill to provide for the use and distribution of funds awarded the Red Lake Band of Chippewa Indians in docket numbered 15-72 of the U.S. Court of Claims; to the Select Committee on Indian Affairs.

S. 885. A bill to settle unresolved claims relating to certain allotted Indian lands on the White Earth Indian Reservation, to remove clouds from the titles to certain lands, and for other purposes; to the Select Committee on Indian Affairs.

By Mr. FORD:

S. 886. A bill to designate the Alben Barkley National Historic Site; to the Committee on Energy and Natural Resources.

By Mr. INOUYE:

S.J. Res. 66. A joint resolution to authorize and request the President to designate May 6, 1983, as "National Nurse Recognition Day"; to the Committee on the Judiciary.

By Mr. HEFLIN:

S.J. Res. 67. A joint resolution to designate the week of September 25, 1983, through October 1, 1983, as "National Respiratory Therapy Week"; to the Committee on the Judiciary.

By Mr. SPECTER (for himself, Mr. CRANSTON, Mr. JEPSEN, Mr. DECONCINI, Mr. PELL, Mr. SASSER, Mr. CHILES, Mr. BOSCHWITZ, Mr. MATSUNAGA, Mr. KENNEDY, Mr. TSONGAS, Mr. RANDOLPH, Mr. RIEGLE, Mr. MELCHER, Mr. HEFLIN, Mr. MOYNIHAN, Mr. BUMPERS, Mr. GRASSLEY, Mr. PRESSLER, Mr. HEINZ, Mr. SARBANES, Mr. HOLLINGS, and Mr. PRYOR):

S.J. Res. 68. A joint resolution to authorize and request the President to designate July 16, 1983, as "National Atomic Veterans' Day"; to the Committee on the Judiciary.

By Mr. PRESSLER:

S.J. Res. 69. A joint resolution to provide for the establishment of a cooperative effort between the U.S. Government and the U.S. Soccer Federation in bringing the World Cup to the United States in 1986; to the Committee on Commerce, Science, and Transportation.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. KENNEDY:

S. 874. A bill to provide for a program for the improvement of instruction in mathematics and science, and for other purposes; to the Committee on Labor and Human Resources.

(The remarks of Mr. KENNEDY on this legislation appear earlier in today's RECORD.)

By Mr. MATHIAS (for himself, Mr. THURMOND, Mr. HEFLIN, and Mr. WARNER):

S. 875. A bill to amend title 18 of the United States Code to strengthen the laws against the counterfeiting of trademarks, and for other purposes; to the Committee on the Judiciary.

TRADEMARK COUNTERFEITING ACT OF 1983

● Mr. MATHIAS. Mr. President, today Senators THURMOND, HEFLIN, WARNER, and I would like to reintroduce our trademark counterfeiting bill. If enacted, the bill would help end trademark counterfeiting, a practice that costs U.S. businesses billions of dollars annually.

Commercial counterfeiting is a widespread and often dangerous business. It has extended beyond high-fashion items such as designer jeans and Cartier watches into lifesaving drugs, automobile brake drums, and helicopter rotors. NASA has even found counterfeit transistors in vehicles destined for outer space.

I held hearings on last year's trademark counterfeiting bill, and several witnesses offered suggestions for improving the bill. This year's version of the bill incorporates these suggestions and provides additional safeguards. We have built a solid legislative record on this issue, and we should now move quickly, by strengthening criminal penalties and enhancing the private remedies, to end this unfair and sometimes deadly practice.

The bill we introduce today would establish criminal penalties of up to $250,000 and 5 years imprisonment for trafficking in counterfeit goods. These severe criminal penalties and the likelihood of private action should provide an effective deterrent to would-be counterfeiters. It should also provide relief to their victims. There is also a provision in our bill that would apply to what I refer to as Federal statute trademarks. These include, but are not limited to, the identifying marks of groups such as the Veterans of Foreign Wars, Boy Scouts of America, and Big Brothers of America. It is important that we protect the good name of these and other groups that make such a valuable contribution to our society.

We urge our colleagues to join us in cosponsoring this important legislation. The size and scope of the counterfeiting problem grows daily—it affects virtually every aspect of our lives. Only firm congressional action will slow the growth of this burgeoning industry, which preys on consumers and businesses around the world.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 875

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Trademark Counterfeiting Act of 1983".

SEC. 2. (a) Title 18, United States Code, is amended by inserting after section 2319 the following:

"§ 2320. Criminal trafficking in counterfeit marks

"(a) Whoever in the foreign or domestic commerce of the United States traffics or attempts to traffic in a counterfeit mark with intent to deceive or defraud, or to assist in deceiving or defrauding, directly or indirectly, any other person, shall, if such offender is an individual, be fined not more than $250,000 or imprisoned for not more than five years, or both, or, if such offender is a corporation, be fined not more than $1,000,000.

"(b) As used in this section—

"(1) 'counterfeit mark' means a spurious mark that is identical with or substantially indistinguishable from—

"(A) a genuine mark registered on the principal register in the United States Patent and Trademark Office, and that is used or is intended to be used on or in connection with goods or services for which the genuine mark is so registered and is in use; or

"(B) a genuine mark that is specifically protected by federal statute; and

"(2) 'traffic' means to—

"(A) transfer, assign, or dispose of, to another, for value; or

"(B) advertise, promote, or offer to so transfer, assign, or dispose of; or

"(C) receive, possess, transport, or exercise control of, with intent to so transfer, assign, or dispose of; or

"(D) assist another in doing any of the above.

"(c) In determining the existence of a defendant's intent to deceive or defraud, the trier of fact shall consider, among other pertinent factors, the likelihood that the goods or services on or in connection with which the counterfeit mark is used or intended to be used will be mistaken for goods or services for which the genuine mark is registered and is in use.

"(d)(1) An action seeking civil remedies for violation of this section may be brought, without regard to the amount in controversy, in any district court of the United States in the district in which the defendant resides, is found, has an agent, or transacts business, or in which the counterfeit mark is found, by an owner, or the designee of an owner, of a mark registered on the prinicipal register in the United States Patent and Trademark Office, or of a mark protected by any of the statutes listed in subsection (c)(1)(B) herein, whose business or property is injured by reason of a violation of this section involving trafficking in a counterfeit of such owner's mark. Upon establishing said violation by a preponderance of the evidence, such civil claimant shall recover—

"(A) either treble claimant's damages or treble defendant's profits, whichever is greater, and

"(B) the costs of investigating the violation and prosecuting the suit, including reasonable investigator's and attorney's fees.

In assessing defendant's profits, the claimant shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed therefrom.

"(2) The court, on a motion promptly made, may in its discretion award prejudgment interest on the monetary recovery awarded under subsection (d)(1) of this section, at an annual interest rate established under section 6621 of the Internal Revenue Code of 1954, commencing on the date of the service of the civil claimant's pleadings which set forth the claim for monetary recovery and ending on the date such judgment is awarded or for such shorter time as the court deems appropriate.

"(3) A final judgment or decree rendered in favor of the United States in any criminal proceeding brought by the United States under this section shall estop the defendant from denying the essential allegations of the criminal offense in any civil proceeding brought by any civil claimant pursuant to this section.

"(e) In any civil proceeding brought under this section the district courts of the United States shall have jurisdiction to prevent and restrain trafficking in counterfeit marks by issuing appropriate orders, including, in appropriate circumstances, ex parte orders without notice for the seizure of such counterfeit marks and materials as described in subsection (f) herein, pursuant to, and subject to the requirements of, the Federal Rules of Civil Procedure. Any provisional or equitable remedy that would be available in a comparable civil action commenced under

the Act entitled 'An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes,' approved July 5, 1946 (60 Stat. 427; 15 U.S.C. 1127), may, to the same extent and upon a comparable showing, be made available to any party in an action commenced under this section, subject to the conditions and requirements imposed by the Federal Rules of Civil Procedure.

"(f) If, in any action brought under this section, the court determines that a mark is counterfeit, the court may order the destruction of all such marks, all means of making such marks, and all goods, articles or other matter bearing such marks, which are in the possession or control of the court or any party to the action; or, after obliteration of the counterfeit mark, the court may order the disposal of the aforesaid materials to the United States, a civil claimant, an eleemosynary institution, or any appropriate private person other than the person from whom the materials were obtained.

"(g) Nothing in this section shall supersede any provision of Federal, State, or other law imposing criminal penalties or affording civil remedies in addition to those provided for in this section, except that no civil claimant who recovers treble damages or treble profits pursuant to this section shall also be entitled to corresponding recovery under any other Federal, State or other law in connection with the same underlying occurrences or transactions.".

(b) The table of sections for title 18, United States Code, is amended by adding after the item relating to section 2319 the following:

"2320. Criminal trafficking in counterfeit marks.".●

By Mr. BENTSEN:

S. 876. A bill entitled the "Science Education Improvement Act of 1983"; to the Committee on Finance.

SCIENCE EDUCATION IMPROVEMENT ACT OF 1983

● Mr. BENTSEN. Mr. President, I am introducing legislation today designed to attack a critical failing in our Nation's technology base. We are hearing and reading an enormous amount of news about the state of U.S. technology. It is an important issue because our prospects for job growth are tied directly to our ability to capture new markets abroad with new and better products. And technology, especially microelectronic technology, is the brightest hope both for these new products and to improve existing products.

There has been a wave of concern with the prospect that U.S. firms cannot successfully capture foreign markets for new products. The focus of this concern has been the rigid and uncompetitive nontariff barriers which Japan and our European trading partners have erected to protect their less efficient domestic firms. These nontariff barriers have popularly come to be called industrial policy and comprise anything from quotas to buy-Japanese admonishments by that Government, to elaborate domestic subsidies. The sharply rising use of such policies in virtually all Third World and advanced economies poses a great danger to world trade and prosperity. Those policies, indeed, are directly responsible for the growing awareness here in the Congress that perhaps our Nation's trade policies should be altered; that we are forcing our exporters to compete on an uneven field of trade with government-backed competitors virtually across the board.

Especially in Japan, these policies reach far into corporate activities, including basic R&D decisions. R&D grants and other subsidies are being used to spark the rapid development of new high-technology products in areas as diverse as fiber optics and ceramics. The intent of these foreign government planners is to spotlight and subsidize many promising areas of basic R&D, in the hope that even one or two pan out and become major commercial winners.

It is asking a lot for our own firms to compete with such a system. And that is a subject I addressed on detail on March 1 when introducing S. 632. It is clear that we cannot ask our firms to compete in world markets with one hand tied behind their back. Yet, that is precisely what they are doing because of the deterioration in our Nation's technical base.

A SAGGING TECHNICAL BASE

A critical component of this Nation's drive to compete effectively in emerging high-technology fields is an adequate pool of technically oriented labor. We do not have an adequate pool of such labor now and the outlook is even grimmer. For example, Japan now graduates some 25 percent—4,000—more electrical engineers than we do despite having only one-half our population. While there is robust demand for engineering courses by college students, many students are shut out because of faculty shortages. Indeed, over 10 percent of all engineering faculty slots sit vacant as increasingly scarce faculty are bid away by private firms frantic to beat our engineering shortage. The same bidding process has gutted our engineering graduate schools, as well—severely limiting the pipeline of new Ph.D.s' able to fill those vacant faculty positions.

Compounding this dismal situation is the inadequate state of equipment used to teach engineering students. It is not at all uncommon for students to encounter vacuum tube technology or to simply have no equipment at all for use in many labs. One analysis projects an equipment shortage alone of almost $1 billion nationwide in our engineering schools.

As you may recall, Mr. President, I introduced legislation last May to deal with both the engineering faculty crisis and the teaching equipment shortages. One bill, the Scientific and Technical Equipment Act, expanded the existing charitable-donation tax-deduction provision to include equipment donated for teaching purposes to engineering and vocational education schools. Another bill, the Scientific Research and Education Act of 1982, attacked the faculty shortage issue head on by expanding the 25 percent R&D tax credit to cover contributions to engineering schools for faculty salary supplementation by private firms.

I will be introducing versions of these two bills again shortly. They will certainly ease the engineering school crunch. But there is an even more dangerous crunch in education which needs addressing, as well: the inadequate technical education being provided at elementary and secondary schools across our Nation.

POOR TECHNICAL EDUCATION

The typical high school student here spends only a fraction of the time spent by students in the Soviet Union or Japan in math and science. For all students—not just those selected for university education—in the Soviet Union, East Germany, and Japan, according to the National Academy of Sciences (NAS), specific courses in geography, physics, biology, math, and chemistry begin in the sixth grade. Their curriculum lasts from 4 to 6 years and yields classroom time in these areas which is three times greater than received by the most science-oriented U.S. students. And precious few of our students ever take the full offerings in science in high school. They should. According to an analysis for the National Academy of Sciences by Stanford Prof. Emeritus Paul Hurd, more than one-half of our high school students graduate with only bare courses in biology and algebra. Less than one-third study chemistry at all, and only one in six studies high school physics or trigonometry; 42 percent of our high school students tested recently did not know that 30 is 50 percent of 60. And, in science achievement tests for 14-year-olds, the United States ranked 15th, while Japan ranked 1st. And mathematics achievement scores on the SAT tests for college-bound students have fallen steadily to 467 out of 800 in 1981–1982, from 488 a decade earlier.

This dismal performance has its roots in our pronounced shortages of certified elementary and secondary math and science teachers.

TEACHER SHORTAGES

The NAS found that 28 States had math teacher shortages in 1980. Just 1 year later, the number had leaped to 43 States; 22 percent of all high school math teaching slots are vacant. The shortage is equally severe in the sciences. In 1982, some 40 States reported shortages of physics teachers and 39 States reported shortages of chemistry teachers in a study completed for the

Iowa Department of Public Information. Right now, Los Angeles is looking for 500 math teachers and 350 science teachers. They will be lucky to fill one-half of these slots.

The teacher shortage has had a predictable result: only one-third of the Nation's 16,000 school districts require more than 1 year of high school math and science for graduation. Seven States require no math. In effect, the shortage of State-certified elementary and secondary teachers in math and science is so overwhelming that school districts have been forced to cut classroom time to the bare bones.

The crux of the problem is the few number of technically trained college graduates we are producing who are interested in teaching careers. The number of college bachelor-degree graduates in mathematics education fell to less than 800 in 1981 from over 2,200 in 1971. They enter a very tight market where the soaring demand for technically trained men and women has pushed private-sector salaries for college graduates in science well above teaching salaries. The National Academy of Sciences estimates that math and science teachers in elementary and secondary schools earn barely 60 percent of the salaries being pulled down by people in the private business sector with training in math, computer science, and science. In my State of Texas, for example, teachers' base salaries range from $11,000 to $16,000. Yet, average bachelor-degree graduates last spring won salaries in the private sector ranging from $16,500 for biology, to $21,000 for chemistry, to $23,760 for the other physical and earth sciences. And the disparity increases enormously with experience.

This disparity has diminished the attractiveness to students in college of teaching math and science in elementary and secondary schools and aggravated the teacher shortage. Between 1971 and 1980, according to the National Science Teachers Association, the number of new teachers for secondary level math has fallen 77 percent. The number of new science teachers being trained over the same period fell 65 percent. Almost five times more science and math teachers left teaching for higher paying private sector jobs than left for retirement. And 1 in 4 current math and science teachers plans to leave soon for a better paying job.

Maryland's 21 teacher's colleges graduated only 8 math teachers last spring. Only 32 of the 1982 graduates from the entire New York college system planned to teach secondary school math. Only one in New Hampshire had similar plans. Southwest Texas State has only 17 prospective chemistry or biology teachers enrolled. And Texas A&M has only 90. The University of Texas Science Education Center reported only 18 students planning to teach secondary science, none in physics or chemistry. Kentucky's 23 colleges and universities graduated only 50 high school math teachers in 1981. The Florida Department of Education estimates that its colleges and universities will graduate only 20 math teachers annually, while 325 are needed by school systems across the State. Even more distressing, only 55 percent of such college graduates actually take up teaching, according to the National Science Teachers Association.

This shrinking pipeline is not news to school administrators. It is just more of the same bad news which has forced them not only to roll back offerings, but to use teachers without regular certification in science or math. In fact, an amazing 50 percent of our elementary and secondary math and science teachers do not meet State certification standards for these subjects. On the west coast, 84 percent of all math and science teachers hired in 1981–82 were not State certified. In-service training is insufficient, as well. Fully 79 percent of our current science teachers have not completed at least a 10-hour professional course within the last decade. And over two-thirds of them have never had a computer course.

THE SCIENCE EDUCATION IMPROVEMENT ACT

The science and math crunch in our elementary and secondary schools must be vigorously attacked. Without a shot in the arm now, the situation will continue eroding as the pipeline of new teachers shrinks further, and more and more uncertified teachers are used to fill the gap.

A first step must be to increase the incentive for college graduates to teach math and science and for more existing teachers to become certified in those subjects. The only meaningful approach must involve a financial incentive to teachers to improve the ability of school districts to attract and hold qualified teachers. This approach has been adopted already at the State and local levels as concerned school administrators grapple with the crisis in technical teaching. Houston is now offering bonuses of $2,000 and more to teachers with critical skills, such as math and science—a meaningful incentive in light of the average $19,000 earned by teachers nationwide last year. New math teachers in Oklahoma City receive $500 bonuses plus $100 for each credit hour they teach. Florida is analyzing proposals to spend $500,000 to recruit out-of-State math and science teachers and reimburse or forgive tuition costs for college students majoring in math or science teaching. The Richmond, Va., school system offers new science teachers a $1,500 bonus.

These bonus plans will produce some additional qualified math and science teachers. But the major result, I am afraid, will be to generate competition for the relatively scarce number of such teachers nationwide. The solution is to expand the pool rather than to shuffle the few certified teachers available from school system to school system.

Since the key problem is the lack of State-certified math and science teachers, I am proposing that Congress create a one-time bonus for teachers to gain such certification. The bonus will be in the form of a $1,000 tax credit, and can be claimed in either calendar year 1984, 1985, 1986, or 1987, since it normally takes 4 years to complete college and gain certification.

My bill, the Science Education Improvement Act, will go a long way, I believe, toward easing the elementary and secondary science and math crunch. It will encourage teachers in other subjects to become reoriented toward scarce math and science curriculums. It will provide a genuine incentive for those uncertified math and science teachers now to gain such certification. And, it will encourage college students and graduates to focus on math and science curriculums, as well.

Let me hasten to add, Mr. President, that I acknowledge the existence of teacher shortages in other than math and science. For example, in my State of Texas, substantial shortages exist for foreign language teachers. For that reason, my legislation permits the Secretary of Education and the Secretary of the Treasury to designate areas beyond math and science as eligible for this teacher certification credit. The Secretary of Education will develop any such recommendations with the active counsel of State and local teachers, school officials, and members of State and National education asspciations.

Mr. President, I ask unanimous consent for my bill, the Science Education Improvement Act of 1983, to appear at this point in my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 876

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The Science Education Improvement Act of 1983".

SECTION 1. TITLE.

This Act may be cited as the "Science Education Improvement Act".

SEC. 2. CREDIT FOR CERTIFIED INSTRUCTORS IN CERTAIN SUBJECTS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable against tax) is amended by inserting after section 44G the following new section:

"SEC. 44H. CERTIFIED INSTRUCTOR CREDIT.

"(a) IN GENERAL.—In the case of certified instructor, there shall be allowed as a credit

against the tax imposed by this chapter for the taxable year an amount equal to $1,000.

"(b) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed by subsection (a) for any taxable year shall not exceed the amount of the tax imposed by this chapter for such taxable year reduced by the sum of the credits allowable for such taxable year under a section of this part having a lower number or letter designation than this section, other than the credits allowable by sections 31, 39, and 43.

"(c) CERTIFIED INSTRUCTOR DEFINED.—For purposes of this section—

"(1) IN GENERAL.—The term 'certified instructor' means an individual who—

"(A) is a full-time instructor at the close of the taxable year at any public or private elementary school or secondary school located in any state which is described in section 170(c)(2),

"(B) is certified during such taxable year to teach—

"(i) mathematics,

"(ii) any physical science, or

"(iii) any other subject taught in public elementary or secondary schools throughout the United States for which the Secretary, in consultation with the Secretary of Education, determines there is a substantial shortage of certified instructors at any time during such taxable year, and

"(C) devoted at least 50 percent of the time working at such school to teaching any subject described in subparagraph (B) which such individual is certified to teach.

"(2) CERTIFICATION.—An individual shall be treated as being certified during the taxable year to teach a subject only if such individual—

"(A) meets the requirements imposed during the taxable year on instructors of such subject by the State where the school at which such individual is employed is located, and

"(B) did not meet such requirements (or similar requirements imposed by any other State in which such individual resided) for the 2 taxable years preceding such taxable year.".

(b) DETERMINATION OF SUBSTANTIAL SHORTAGE OF INSTRUCTORS.—

(1) IN GENERAL.—In determining whether a substantial shortage of certified instructors in any subject exists for purposes of section 44H of the Internal Revenue Code of 1954, the Secretary of the Treasury and the Secretary of Education shall consult with the advisory committee described in paragraph (2) at least once during every calendar year in which such section is in effect.

(2) ADVISORY COMMITTEE.—The Secretary of Education shall establish by regulations an advisory committee which shall inform the Secretary of Education and the Secretary of the Treasury of any substantial shortage in the number of certified instructors in any subject taught in public elementary or secondary schools throughout the United States. Such advisory committee shall be established, and the members thereof appointed by the Secretary of Education, and composed entirely of State and local school administrators, instructors for elementary and secondary schools located throughout the United States, and members of groups such as State and National education associations which represent such instructors and administrators.

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 44G the following new item:

"SEC. 44H. CERTIFIED INSTRUCTOR CREDIT.".

(2) Section 6096(b) of such Code (relating to designation of income tax payments to Presidential Election Campaign Fund) is amended by striking out "and 44G" and inserting in lieu thereof "44G, and 44H".

SEC. 3. EFFECTIVE DATE.

The amendments made by this Act shall apply to taxable years beginning after December 31, 1983, and before January 1, 1988.●

By Mr. HOLLINGS (for himself and Mr. MITCHELL):

S. 877. A bill to require the National Weather Service to report routinely on the levels of acid content found in precipitation and dry deposition throughout the United States, and for other purposes; to the Committee on Commerce, Science, and Transportation.

ACID DEPOSITION REPORTING ACT OF 1983

Mr. HOLLINGS. Mr. President, on behalf of myself and Senator GEORGE J. MITCHELL of Maine, I am introducing the Acid Deposition Reporting Act of 1983. This legislation calls upon the National Weather Service in the National Oceanic and Atmospheric Administration (NOAA) to begin including the acid content found in precipitation, as well as the dry deposition level where that information is available, in the routine weather forecasts for local weather conditions. It also provides for the collection of data where it is not presently available, so that by the year 1987, we will have full coverage of the United States.

We know that acid rain and acid deposition is causing an estimated $5 billion worth of damage in this Nation on an annual basis. And we have estimates that range as high as $25 billion worth of losses just to our crops and fisheries alone that could occur between now and the year 2000.

The New England area has been extremely hard hit by damage caused by acid rain. But one fact we have not really focused on is that where New England is now, other parts of the country may well follow. In my own State of South Carolina we have witnessed a ten-fold increase in the amount of acid content in our rain, from 1955 to 1975. And since 1972, the amount of acid found in our air has doubled. In fact, according to a recent United States-Canadian scientific report released by the Canadian Government last month, the area of the country with the greatest growth in sulfur dioxide emissions outside of the Midwest is the Southeast. The Environmental Protection Agency has estimated that in addition to the New England region, portions of the South, Southeast, and mountain areas in the West are highly sensitive to acid deposition. Many of these areas are already receiving rainfall considered very acidic relative to normal rain.

In addition, the Office of Technology Assessment has identified 27 States in the Eastern part of the Nation alone that it estimates contains areas sensitive to acid rain. And in this 27-State area, 55 percent of the lakes and 42 percent of the stream miles are believed to be either at risk, or already altered by, acid deposition. And to top all of this, as if it were necessary, the National Oceanic and Atmospheric Administration released information last summer showing traces of man-made acid rain ranging all the way from Alaska to Bermuda.

If we in this Congress think that this is a problem that is only the concern of a handful of Members from New England, I believe we are mistaken. The New England delegations deserve to be heard on this problem, for it is a real one—I have been to New England and have witnessed it. I saw it over a year ago when I was in Maine with Senator MITCHELL, and was talking about it then. And in 1981, when the administration reduced the research funds in NOAA for the study of long-range transport of acid rain, which will help yield an answer to the exact chemistry in the atmosphere that creates this hazard, we restored the funds in appropriations. Yet the administration continues to deny that this is a real problem in this country, and has turned aside the concerns of our strong ally to the North, Canada. This is being done in the face of a growing body of evidence that not only are we sustaining billions of dollars of economic loss, but that acid deposition is also a potentially serious hazard to human health.

I believe we can turn the administration around, and find the votes necessary to begin addressing this problem, with this short piece of legislation I am introducing today. The answer lies with the American people. And I believe that once they know the potential hazard they are facing, and once they begin to understand the changes in the acid content that are occurring silently all around them in many parts of our Nation, then I believe we will see some action to deal with this problem in a responsible manner.

By having the National Weather Service begin providing this information with their routine weather information, we will begin to be educated. We will understand what pH levels mean, and begin to look to New England to see what has happened there, and is continuing to happen. No one wants that to occur in his or her own area. No one wants the threat posed to health or the economic losses. I believe this legislation can begin to make the difference, and urge all my colleagues who are concerned about acid deposition and the potential harm it holds for their States, as well as the damage we have already sustained, to join in cosponsoring the Acid Deposition Reporting Act.

Mr. President, I ask unanimous consent that the bill be reprinted in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 877

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Acid Deposition Reporting Act of 1983".

FINDINGS AND PURPOSES

SEC. 2. (a) FINDINGS.—The Congress finds and declares that—

(1) sulfur dioxide and nitrogen oxide emissions transform chemically in the atmosphere to produce acid precipitation and dry deposition of acid;

(2) acid deposition in the form of both precipitation and dry deposition is causing an estimated $5 billion worth of damage and economic loss to the nation's economy;

(3) it has been estimated that the total cost to the United States for damages to crops and fisheries caused by acid deposition from now to the end of the century may amount to $15 billion to $25 billion;

(4) in addition to the New England region, it is estimated by the Environmental Protection Agency that portions of the South, Southeast, and mountain areas of the West are highly sensitive to acid deposition, and many of these areas are presently receiving rainfall considered very acidic relative to normal rain;

(5) it has been estimated by the Office of Technology Assessement that 27 States in the Eastern United States alone contain areas sensitive to acid rain, encompassing 245,000 square miles, 17,000 lakes, and 117,000 miles of streams, and 55 percent of these lakes and 42 percent of these stream miles are estimated to be either at risk from, or already altered by, acid depositon;

(6) according to scientific reports from the National Oceanic and Atmospheric Administration in the Department of Commerce, traces of man-made acid rain have been confirmed ranging from Alaska to Bermuda;

(7) the position of the U.S. Government in refusing to acknowledge the serious nature of the acid deposition problem has led to deepening conflicts with one of the nation's closest allies, Canada; and

(8) serious concern is being expressed that acid deposition, which already causes serious economic damage in some regions of the nation, is also a potential serious hazard to human health.

(b) PURPOSES.—The Congress declares that the purposes of this Act are to—

(1) disseminate information to the public throughout the United States concerning the changes occurring in the acid content of precipitation and the acid content found in dry deposition by including, in the routine weather information provided by the National Weather Service of the National Oceanic and Atmospheric Administration in the Department of Commerce, reports on the acid content found in both precipitation and dry deposition; and

(2) provide for the collection of the data necessary to provide the reports required under paragraph (1) in those geographic areas where such data are not presently available.

ACID DEPOSITION REPORTS

SEC. 3. (a) The National Weather Service of the National Oceanic and Atmospheric Administration (hereinafter referred to as "NOAA") in the Department of Commerce shall issue periodic reports describing the acid content in both precipitation and dry deposition throughout the United States.

(b) Such reports shall be issued by Weather Service Forecast Offices and Weather Service Offices in the National Weather Service, or through such other facilities or means as the Assistant Administrator of the National Weather Service shall direct, for those areas of the United States where such information is presently available, within 90 days of the enactment of this Act.

(c) Such reports shall be issued on a daily basis as a part of the local weather information made available by the National Weather Service for the purpose of informing the public of local weather conditions.

(d) Such reports shall be issued throughout the United States no later than the end of calendar year 1987, with a priority being given to those geographic areas where sensitivity to damage from acid deposition is estimated to be highest, and credible scientific evidence indicates that acid deposition is presently causing damage, or has been increasing and is approaching a level where damage may occur.

(e) The Administrator of NOAA is authorized to reimburse other public or private entities, including but not limited to, Federal agencies; State and local governments; universities, colleges, and research institutions; and private corporations and individuals, for the cost of collecting the data necessary for the preparation of the reports, and transferring such data to the National Weather Service, in those geographic areas where the National Weather Service or other division of NOAA does not presently collect such data: *Provided* that where other Federal agencies presently collect such data in the course of carrying out their statutory missions, the Administator of NOAA is authorized to reimburse such Federal agencies only for any costs incurred in transferring such data to the National Weather Service.

REPORT TO THE CONGRESS

SEC. 4. The Administrator of NOAA shall report to the Congress, on an annual basis, on the implementation of this Act, no later than 90 days after the close of the previous calendar year, beginning in 1985.

(a) The report to the Congress shall include a complete description of the acid content found in both precipitation and dry deposition in those geographic areas for which the appropriate data and information is available.

(b) For those geographic areas where either incomplete or no data or information has been available during the previous calendar year, the report to the Congress shall include a description of the steps being taken to provide the reports pursuant to Section 3 of this Act.

RULES AND REGULATIONS

SEC. 5. The Administrator of NOAA shall promulgate, pursuant to section 553 of title 5, United States Code, after notice and opportunity for participation by relevant Federal agencies, State agencies, local governments, regional organizations, and other interested parties, both public and private, such rules and regulations as may be necessary to carry out the provisions of this Act.

AUTHORIZATION OF APPROPRIATIONS

SEC. 6. (a) There are authorized to be appropriated to the Administrator of NOAA, for the purposes of carrying out Section 3(e), Section 4, and Section 5 of this Act, not to exceed $1,500,000 for each of the fiscal years 1984, 1985, 1986, and 1987, such sums to remain available until expended.

(b) There are authorized to be appropriated to the Assistant Administrator of the National Weather Service in NOAA, for the purposes of carrying out Section 3 of this Act, not to exceed $1,000,000 for each of the fiscal years 1984, 1985, 1986, and 1987, such sums to remain available until expended.

By Mr. HEFLIN:

S. 878. A bill to authorize and direct the Secretary of the Army to correct certain erosion problems along the banks of the Warrior River near Moundville, Ala.; to the Committee on Environment and Public Works.

MOUND STATE PARK EROSION CORRECTION ACT OF 1983

Mr. HEFLIN. Mr. President, I am today introducing a bill to authorize the Secretary of the Army to correct erosion problems which have developed along the banks of the Warrior River and are posing a threat to the preservation of the Mound State Park. This authorization is vital to the preservation of an integral segment of our Nation's history. The Mound State Park harbors a wealth of history that is invaluable to Alabama and to our Nation. This park contains numerous Indian burial mounds and relic which have provided tremendous insight into the customs and folklore of the American Indian.

Presently this park is being threatened by the erosion of the banks of the Warrior River which runs adjacent to the Indian mounds. The deterioration of this property must be stopped to insure the safekeeping of this historical landmark.

A Corps of Engineers on-site inspection in 1980 revealed that 2,400 feet of riverbank needed to be protected in order to prevent a loss of cultural resources. The erosion of this shoreline has caused the loss of cultural resources and this loss is anticipated to continue to increase in magnitude as it approaches the Indian mounds. For these reasons, I am introducing this legislation which would insure the preservation of this invaluable historical resource.

Having visited this park, I can personally attest to its historical value and significance. It would be a tragedy to sit idle while this landmark is threatened by erosion from the Warrior River. This bill would initiate the necessary steps to insure that this historical site is preserved for generations to come.

By Mr. CHAFEE:

S. 879. A bill to authorize depository institutions to engage in securities activities; to the Committee on Banking, Housing, and Urban Affairs.

BANKING REFORM ACT OF 1983

● Mr. CHAFEE. Mr. President, today I am introducing the Banking Reform Act of 1983. This bill would make two

key changes in banking laws. First, it would permit depository institutions to sponsor and sell shares in mutual funds, including money market mutual funds; and second, authorize banks to underwrite municipal revenue bonds.

This bill is identical to an amendment I offered to the Garn-St Germain Depository Institutions Act of 1982.

I subsequently withdrew the amendment, with assurances that the issue of mutual fund and revenue bond powers would be a first priority of the Senate Banking Committee this year. It is my hope that the Banking Committee will consider this proposal shortly.

Specifically, the bill would authorize the establishment of bank securities affiliates, which would be permitted to organize, sponsor, operate, control, underwrite, and distribute shares in investment companies, including mutual funds; and underwrite and deal in municipal revenue bonds.

In addition, a bank securities affiliate could engage in any securities-related activity in which a bank can currently engage.

My bill would also expressly authorize the formation of savings association securities affiliates and credit union securities affiliates which would be authorized to operate, sponsor, advise, and distribute shares in investment companies. These affiliates would be generally analogous to bank securities affiliates but would be affiliated with savings and loan associations, mutual savings banks, and credit unions.

The bill makes certain distinctions first, between different sized institutions; and second, between different categories of depository institutions.

These distinctions are intended to recognize the needs of smaller institutions and to provide equally for separation of new securities activities from the existing activities of such institutions.

I will discuss these powers separately. Let me begin with mutual fund powers, which would have the greater and more direct impact on the retail banking consumer.

The mutual fund provision is based on a bill which I introduced almost 2 years ago in response to the dramatic changes that were then and are now sweeping the financial world.

Mr. President, these changes and innovations have been well documented before Congress. But, one need not have followed congressional hearings to know of the incursions into the banking world by nondepository institutions.

The daily newspapers are replete with articles describing new combinations and bank-like services being offered by nonbanking institutions. This nonbank competition is no longer restricted to traditional financial institutions. Securities firms and insurance companies are now joined by Sears, J. C. Penney, Kroeger, Baldwin, to name a few, in competing with banking institutions. Department stores, grocery chains, piano manufacturers can engage in all kinds of banking-like activities. It would seem banking institutions are the only ones that cannot. Competition from nonbanks has served the consumer well—and I endorse the creativity and competition this activity reflects.

But, at the same time, to allow this competition, while continuing to preclude depository institutions themselves from effectively competing in providing financial services, is both unnecessary, from a safety and soundness viewpoint, and grossly unfair.

Mr. President, while mutual fund powers is a significant proposal, it is by no means radical. The mutual fund provision has been before the Congress for many years. In fact, it was passed by the Senate before. The powers it would grant differ only in degree from those banks have now. Banks presently act as investment advisers to investment companies—including money market mutual funds. They manage employee benefit plans, and individual retirement accounts. They can invest individual agency accounts and invest trust, guardianship, and estate accounts individually and collectively. But, what they cannot do is to take the individual agency accounts and invest them collectively. This means that a bank can take a small investment and acting as agent invest it for the investor in low denomination instruments. But, it cannot, for example, take one investor's money and that of other customers and pool the funds to purchase say, a $100,000 instrument, which pays significantly higher yields than that which one investor's money could obtain by itself. This means that the small investor is denied not only these higher yields, but also the diversification and, therefore, safety that pooled investments would provide.

My proposal would benefit the small investor by making available from depository institutions, investment services that were previously available only to the wealthy. Money market and other mutual funds will become more widely and conveniently available.

Some would argue that the need for mutual fund powers has been eliminated by the market rate account Congress authorized last year, but I believe the need for mutual fund powers is now greater than ever.

True, there has been a tremendous response to the deposit account. It has provided higher returns to banking consumers and to an extent enabled depository institutions to recapture lost customers. But that is only part of the picture. Some of the popularity of the funds is attributable to the fact that at least initially some institutions offered high interest rates as a loss leader. Moreover, much of the funds in the new accounts comes from existing banking accounts, not the money market mutual funds. The deposit account was designed to compete with money market funds, but brokers are now directing money out of money market mutual funds and into other kinds of mutual funds that are more attractive in a declining interest rate market.

Banks and thrifts generally cannot offer these services, and the market rate account does little to enable them to respond to these changing conditions.

My bill would authorize all mutual fund activities for depository institutions and thereby allow them the flexibility to compete under varying interest rates.

Now, let me turn to the revenue bond underwriting portion of my bill.

The bill would allow banks to underwrite municipal revenue bonds. Like mutual fund powers, I view this as an important but hardly a radical extension of existing bank authority as banks are currently authorized to underwrite general obligation bonds, and, indeed, some kinds of revenue bonds as well.

When the limitation on underwriting was first enacted half a century ago, general obligation bonds were the predominant kind of bond issues. Now, however, revenue bonds account for over 70 percent of municipal bond issues. But, the arbitrary and anachronistic restraint on bank activity in this area remains.

In my view, authority for bank underwriting in this area is a logical extension of current bank securities activities. Like mutual fund powers, it can only result in increased competition, which in this case may result in lower costs. Clearly, such an effect can only benefit the public.

It has been argued that mutual fund and revenue bond underwriting powers for depository institutions would breach the separation of banking and commerce. First, this separation was never absolute. As I noted, some securities powers were permitted to banks even at the time the line of distinction was first drawn, and many others have been permitted over the years. And, I would add that these powers are certainly no greater a breach than, for example, the export trading company powers, which I cosponsored, and which were enacted last year. In any case, I believe the prohibitions on mutual fund and revenue bond activites have largely been outpaced by events and have continuing utility now in view of the changes taking place in the financial world.

Mr. President, my bill reflects many of the sugestions made during the extensive hearings the Senate Banking Committee held on these issues last Congress.

I believe it accommodates all of the substantive concerns that were raised during the hearings and in the detailed discussions with industry and agency representatives over the past 2 years. Because the amendment now would place these activities in a separate holding company subsidiary, the proposal insures equality of regulation and taxation. This separation of the deposit-taking and securities functions also insures the integrity of insured deposits. Significantly, too, the proposal enables all depository institutions to engage in mutual fund activities.

I would welcome consideration of financial services powers additional to mutual fund and revenue bond authority. If further powers were authorized, it might then be appropriate to require existing securities powers as well as the new powers be conducted out of the separate securities affiliate.

I expect there will also be other views on how to accomplish the more modest changes that I am introducing today, and I welcome constructive amendments or approaches. But, I urge my colleagues to take up such proposals now, as existing banking law is being rapidly outpaced by events.

Enactment of these securities powers would be a small but significant change that would bring our banking law in line with reality and benefit banking institutions and the public alike.

I intend to work closely with the Banking Committee chairman to help him to make this issue a priority of the Banking Committee this year.

I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 879

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

AMENDMENTS TO THE BANKING ACT OF 1933

SECTION 1. (a) Section 20 of the Banking Act of 1933 (12 U.S.C. 377) is amended by inserting after the first paragraph the following:

"Notwithstanding any other provision of this section, a member bank may be affiliated in any manner described in subsection (b) of section 2 with a bank securities affiliate as defined in section 2(j) of the Bank Holding Compajy Act of 1956 (12 U.S.C. 1841(j)), subject to section 16 and the limitations contained in section 4(c)(15) of the Bank Holding Company Act of 1956.".

(b) Section 16 of the Banking Act of 1933 (12 U.S.C. 24 (Seventh)) is amended by adding at the end thereof the following: "Notwithstanding any other provision of this paragraph, any eligible association may acquire capital stock of any bank securities affiliate as defined in section 2(j) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(j)). An eligible association is any bank that has assets of less than $100,000,000 and that is not controlled by a bank holding company, as such terms are defined in section 2(a) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(a)). An association shall cease to be an eligible association one year after (A) its assets exceed $100,000,000 at the end of three consecutive fiscal quarters, or (B) a bank holding company acquires control of such association. The term 'eligible association' also includes a bank which is organized solely to do business with other banks and their officers, directors, or employees; is owned primarily by the banks with which it does business, none of which owns more than 5 per centum of any class of its voting securities; and does not do business with the general public.".

(c) Section 32 of the Banking Act of 1933 (12 U.S.C. 78) is amended by adding at the end of the first paragraph the following: "Notwithstanding any other provision of this section, an officer, director, or employee of any member bank may serve at the same time as an officer, director or employee of any of its bank securities affiliates. The term 'bank securities affiliate' shall have the meaning ascribed to it in section 2(j) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(j)).".

AMENDMENTS TO THE BANK HOLDING COMPANY ACT OF 1956

SEC. 2. (a) Section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841) is amended by adding at the end thereof the following:

"(j) The term 'bank securities affiliate' means any corporation that (1) is engaged in the United States in one or more of the activities authorized pursuant to section 4(c)(15) of this Act, and (2) is a broker or dealer within the meaning of section 3(a)(4) or (5) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(4) or (5)), or an investment adviser within the meaning of the Investment Advisers Act of 1940 (15 U.S.C. 80b-2(11)). A corporation engaged in any such activities shall be deemed to be a bank securities affiliate only so long as it is owned or controlled by a bank holding company or by an eligible association as defined in section 16 of the Banking Act of 1933 (12 U.S.C. 24 (Seventh)).".

(b) Section 4(c) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)) is amended by adding at the end thereof the following:

"(15) shares of any bank securities affiliate engaged in activities in accordance with the limitations contained in this paragraph. A bank securities affiliate may—

"(A) conduct any securities or securities-related activity that a bank is not prohibited from conducting;

"(B) deal in and underwrite obligations issued or guaranteed by or on behalf of a State or any political subdivision thereof or any agency or instrumentality of either of the foregoing (except industrial development bonds as defined in section 103(b)(2) of the Internal Revenue Code of 1954);

"(C) organize, sponsor, operate, control or render investment advice to an investment company, as such term is defined in section 3 of the Investment Company Act of 1940, including a company which would be an investment company except for the provisions of section 3(c)(1) of such Act;

"(D) underwrite, distribute, and sell securities of an investment company, as such term is defined in section 3 of the Investment Company Act 1940, including a company which would be an investment company except for the provisions of section 3(c)(1) of such Act.".

(c) Section 5(c) of the Bank Holding Company Act (12 U.S.C. 1844(c)) is amended to read as follows:

"(c) The Board from time to time may require reports of a bank holding company under oath to keep the Board informed as to whether such holding company has complied with the provisions of this chapter and such regulations and orders issued thereunder. The Board may further require separate reports from subsidiaries of bank holding companies consisting of (1) for companies subject to the reporting requirements of section 17(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78q(a)), the same information required to be submitted to the Securities and Exchange Commission under such section (and the rules and regulations thereunder) at the same time such information is so submitted; and (2) for all other companies, the same information as would be required to be submitted under section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m) (and the rules and regulations thereunder) by companies subject to the reporting requirements of such Act which are engaged in the same or similar lines of business, not more frequently than quarterly. The Board may make examinations of each bank holding company and each subsidiary thereof, the cost of which shall be assessed against, and paid by, such holding company, except that an examination of a nonbank subsidiary of a bank holding company shall be limited to operations of such subsidiary affecting the affairs of any subsidiary bank of such bank holding company. Notwithstanding any other provision of this section, such examinations or reporting requirements shall not be so limited if the Board makes a finding that the financial condition of the subsidiary is likely to have a materially adverse effect on the safety and soundness of the bank subsidiary. The Board shall, as far as possible, use the reports of examinations made by the Comptroller of the Currency, the Federal Deposit Insurance Corporation or the appropriate State supervisory or regulatory authority for purposes of this section.".

AMENDMENT TO THE FEDERAL RESERVE ACT

SEC. 3. (a) The Federal Reserve Act is amended by inserting after section 23A the following:

"SEC. 23B. (a) A member bank and its subsidiaries may engage in any of the following transactions, only on terms and under circumstances, including credit standards, substantially the same as, or at least as favorable to such bank or its subsidiary is, those prevailing at the time for comparable transactions with or involving other nonaffiliated companies or, in the absence of comparable transactions, those that in good faith would be offered to, or would apply to nonaffiliated companies:

"(1) any covered transaction, as defined in section 23A, with an affiliate;

"(2) a sale of securities or other assets, including assets subject to an agreement to repurchase, to an affiliate;

"(3) a payment of money or furnishing of services to an affiliate, under a contract, a lease, or otherwise;

"(4) any transaction in which an affiliate acts as an agent or broker or receives a fee for its services to the bank or to any other person; or

"(5) any transaction or series of transactions with a third party (A) if an affiliate

has a financial interest in the third party, or (B) if an affiliate is a participant in such transaction or series of transactions.

For the purpose of this subsection, any transaction by a member bank with any person shall be deemed to be a transaction with an affiliate of such bank to the extent that the proceeds of the transaction are used for the benefit of, or transferred to, such affiliate.

"(b) A member bank and the affiliates of such bank shall not publish any advertisement suggesting that the bank shall in any way be responsible for the obligations of its affiliates.

"(c) A member bank and any subsidiary of such bank—

"(1) shall not purchase as fiduciary any securities or other assets from any affiliate unless such purchase is permitted under the instrument creating the fiduciary relationship, by court order, or by local law; and

"(2) whether acting as principal or fiduciary, shall not knowingly purchase or otherwise acquire, during the existence of any underwriting or selling syndicate, any security a principal underwriter of which is a bank securities affiliate of such bank; except that this prohibition shall not apply where the securities to be purchased have been approved by a majority of the directors of the bank who are not officers or employees of the bank or any affiliate thereof (or, if there are no such directors, a majority of the directors of the company owning such bank who are not officers or employees of such company, of the bank, or of any affiliate thereof).

For the purpose of this paragraph, the term 'security' means a 'security' as defined in section 3(a)(10) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(10)); and the term 'principal underwriter' means any underwriter who, in connection with a primary firm commitment distribution of securities, (A) is in privity of contract with the issuer or an affiliated person of the issuer; (B) acting alone or in concert with one or more persons, initiates or directs the formation of an underwriting syndicate; or (C) is allowed a rate of gross commission, spread, or other profit greater than the rate allowed another underwriter participating in the distribution.

"(d) For the purpose of this section—

"(1) the term 'affiliate' means a bank securities affiliate, as defined in section 2(j) of the Bank Holding Company Act of 1956; and

"(2) the terms 'bank', 'subsidiary', 'person', and 'security' (other than security as used in subsection (c)) have the same meanings given to them in section 23A.".

(b) Section 18(j) of the Federal Deposit Insurance Act (12 U.S.. 1828(j)) is amended—

(1) by inserting "and section 23B" after "section 23A" each place it appears in paragraph (1); and

(2) by inserting ", 23B," after "23A" in paragraph (3)(A).

AMENDMENT TO THE FEDERAL DEPOSIT INSURANCE ACT

SEC. 4. Section 8(b)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1818(b)(3)) is amended by inserting the following clause after the second comma in such subsection: "to the extent that such subsidiary shall engage in any action which may affect the safety and soundness of any bank which is directly or indirectly owned or controlled by such bank holding company or otherwise violate any banking law, rule, regulation or order,".

AMENDMENTS TO THE INVESTMENT COMPANY ACT OF 1940

SEC. 5. (a) Section 17(f)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a-17(f)(1)) is amended by inserting after "unit investment trusts" the following: ", except that it shall be unlawful for a registered management company which is organized, sponsored, operated or controlled by, or which receives investment advice from, any bank securities affiliate, as defined in section 2(j) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(j)), to place and maintain its securities and similar investments in the custody of a bank which is affiliated with such bank securities affiliate".

(b) Section 26(a)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a-26(a)(1)) is amended by inserting after "so published)" the following: ", except that it shall be unlawful for such trust indenture, agreement of custodianship, or other instrument to designate as trustee or custodian any bank which is affiliated with a bank securities affiliate, as defined in section 2(j) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(j)), which organizes, sponsors, operates or controls such registered unit investment trust".

(c) Section 27(c)(2) of the Investment Company Act of 1940 (15 U.S.C. 80a-27(c)(2)) is amended by inserting after "trust indentures of unit investment trusts" the following: ", except that it shall be unlawful to deposit such proceeds with any bank which is affiliated with a bank securities affiliate, as defined in section 2(j) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(j)), which organizes, sponsors, operates, controls or renders investment advice to such registered investment company.".

AMENDMENT TO BANK HOLDING COMPANY ACT AMENDMENTS OF 1970

SEC. 6. Section 106(b)(1) of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1972(1)) is amended by striking out "A bank shall not" at the beginning of such subsection and inserting in lieu thereof the following: "No bank or any subsidiary of a bank holding company shall".

AMENDMENT TO THE HOME OWNERS' LOAN ACT OF 1933

SEC. 7. Section 5(c)(1) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)(1)) is amended by adding at the end thereof the following:

"(S) SECURITIES AFFILIATES.—Any eligible association may acquire capital stock of any savings association securities affiliate, as defined in section 408(a)(1)(K) of the National Housing Act (12 U.S.C. 1730(a)(1)(K)). An 'eligible association' is any stock association or stock savings bank that has assets of less than $100,000,000 and that is not controlled by a savings and loan holding company or any mutual association or mutual savings bank that has assets of less than $100,000,000, as such terms are defined in section 408(a)(1) of the National Housing Act (12 U.S.C. 1730a(a)(1)). An association or savings bank shall cease to be an eligible association one year after (i) its assets exceed $100,000,000 at the end of three consecutive fiscal quarters, or (ii) a savings and loan holding company acquires control of such association or savings bank. Any association which is not an eligible association may acquire and hold not more than 5 per centum of any class of voting securities of a savings association securities affiliate.".

AMENDMENTS TO THE NATIONAL HOUSING ACT

SEC. 8. (a) Section 408(a)(1) of the National Housing Act (12 U.S.C. 1730a(a)(1)) is amended—

(1) by striking out "and" at the end of subparagraph (I);

(2) by striking out the period at the end of subparagraph (J) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following:

"(K) 'Savings association securities affiliate' means any corporation that (i) is engaged in the United States in one or more of the activities described in section 408(c)(3) of this Act, and (ii) is a broker or dealer within the meaning of section 3 (a)(4) and (5) of the securities Exchange Act of 1934 (15 U.S.C. 78c (a)(4) and (5)), or an investment adviser within the meaning of section 202 (a)(11) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-2 (a)(11)). A corporation engaged in any such activities shall be deemed to be a savings association securities affiliate only so long as it is directly controlled by one or more eligible associations as defined in section 5(c)(1)(R) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)(1)(R)), by other associations meeting the requirements of the last sentence of such section, or by an insured institution that would meet such definition if it were federally chartered.".

(b) Section 408(b) of the National Housing Act (12 U.S.C. 1730a(b)) is amended by adding at the end thereof the following:

"(7) The Corporation may require separate reports from subsidiaries of holding companies consisting of (A) for companies subject to the reporting requirements of section 17 of the Securities Exchange Act of 1934 (15 U.S.C. 78c), the same information required to be submitted to the Securities and Exchange Commission under such section (and the rules and regulations thereunder) at the same time such information is so submitted; and (B) for all other companies, the same information as would be required to be submitted under section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m) (and the rules and regulations thereunder) by companies subject to the reporting requirements of such Act which are engaged in the same or similar lines of business, not more frequently than quarterly. An examination of a subsidiary of a holding company, other than an insured institution, shall be limited to operations of such subsidiary affecting the affairs of any insured institution of such holding company. Notwithstanding any other provision of this subsection, such examinations or reporting requirements shall not be so limited if the Corporation makes a finding that the financial condition of the subsidiary is likely to have a materially adverse effect on the safety and soundness of the insured institution. The Corporation shall, as far as possible, use the reports of examinations made by the appropriate State supervisory or regulatory authority for purposes of this paragraph.".

(c) Section 408(c)(2) of the National Housing Act (12 U.S.C. 1730a(c)(2)) is amended—

(1) by striking "or" at the end of clause (F);

(2) by redesignating clause (F) as clause (G); and

(3) by inserting after clause (E) the following: ", (F) acquiring and holding shares of any savings association securities affiliate engaged in activities in accordance with the

limitations contained in paragraph (3) of this subsection, or".

(d) Section 408(c) of the National Housing Act (12 U.S.C. 1730a(c)) is amended by adding at the end thereof the following:

"(3) Without limitation of any other authority provided under this Act, a savings association securities affiliate may—

"(A) conduct any securities or securities-related activity that a savings association is not prohibited from conducting;

"(B) organize, sponsor, operate, control, or render investment advice to an investment company, as such term is defined in section 3 of the Investment Company Act of 1940; and

"(C) underwrite, distribute, or sell securities of any investment company.".

(e) Section 408(d)(1) of the National Housing Act (12 U.S.C. 1730a(d)(1)) is amended by inserting "or a savings association securities affiliate" immediately after "corporation".

(f) Section 408 of the National Housing Act (12 U.S.C. 1752a) is amended by adding at the end thereof the following:

"(o) Not later than 30 days after the date of enactment of this subsection, the Corporation shall prescribe regulations governing transactions between insured institutions and their savings association securities affiliates. Such regulations shall contain provisions identical, to the extent appropriate, to sections 23A and 23B of the Federal Reserve Act.".

AMENDMENTS TO THE FEDERAL CREDIT UNION ACT

SEC. 9. (a) Title I of the Federal Credit Union Act is amended by adding at the end thereof the following:

"SECURITIES AFFILIATES

"SEC. 128. (a) An eligible credit union may acquire capital stock of any credit union securities affiliate, as defined in subsection (b). An 'eligible credit union' is any credit union that has assets of less than $100,000,000. A credit union shall cease to be an eligible credit union one year after its assets exceed $100,000,000 at the end of three consecutive fiscal quarters. Any credit union which is not an eligible credit union may acquire and hold not more than 5 per centum of any class of voting securities of a credit union securities affiliate.

"(b) The term 'credit union securities affiliate' means any corporation that (1) is engaged in the United States in one or more of the activities described in subsection (c), and (2) is a broker or dealer within the meaning of section 3(a), (4) and (5) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a), (4) and (5)), or an investment adviser within the meaning of section 202(a)(11) the Investment Advisers Act of 1940 (15 U.S.C. 80b-2(a)(11)). A corporation engaged in any such activities shall be deemed to be a credit union securities affiliate only so long as it is owned or controlled by one or more eligible credit unions or by other credit unions meeting the requirements of the last sentence of subsection (a).

"(c)(1) A credit union securities affiliate may—

"(A) conduct any securities or securities-related activity that a credit union is not prohibited from conducting;

"(B) organize, sponsor, operate, control, and render investment advice to an investment company, as such term is defined in section 3 of the Investment Company Act of 1940; and

"(C) underwrite, distribute, and sell securities of an investment company, as such term is defined in section 3 of the Investment Company Act 1940.

"(d) Not later than 30 days after the date of enactment of this section, the Board shall prescribe regulations governing transactions between credit unions and their credit union securities affiliates. Such regulations shall contain provisions identical, to the extent appropriate, to sections 23A and 23B of the Federal Reserve Act.

"(e) The Board may require separate reports from credit union securities affiliates consisting of (1) for companies subject to the reporting requirements of section 17 of the Securities Exchange Act of 1934 (15 U.S.C. 78q), the same information required to be submitted to the Securities and Exchange Commission under such section (and the rules and regulations thereunder) at the same time such information is so submitted; and (2) for all other companies, the same information as would be required to be submitted under section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m) and the rules and regulations thereunder by companies subject to the reporting requirements of such Act which are engaged in the same or similar lines of business, not more frequently than quarterly. An examination of a subsidiary of a credit union shall be limited to operations of such subsidiary affecting the affairs of the credit union. Notwithstanding any other provision of this subsection, such examinations or reporting requirements shall not be so limited if the Board makes a finding that the financial condition of the subsidiary is likely to have a materially adverse effect on the safety and soundness of the credit union.".

(b) Section 107(7) of such Act (12 U.S.C. 1757(7)) is amended by striking out "and (L)" and inserting in lieu thereof "(L) in securities of a credit union securities affiliate as provided in section 128; and (M)".●

By Mr. HOLLINGS:

S. 881. A bill to amend the Federal Food, Drug, and Cosmetic Act to eliminate certain requirements with respect to colored oleomargarine; to the Committee on Labor and Human Resources.

MARGARINE LABELING REQUIREMENTS

● Mr. HOLLINGS. Mr. President, today I am introducing a proposal to simplify the Food, Drug and Cosmetic Act by improving requirements for the labeling and notification of margarine. This proposal is a technical adjustment in the act that would bring section 407 of the Food, Drug and Cosmetic Act into line with the policies developed by the Food and Drug Administration in recent years, and to make the enforcement and compliance with the notification requirement easier.

This legislation is not going to promote margarine, to mandate the use of margarine, or to cause any decrease in consumer protection. Instead, it will enhance consumer protection by modernizing the overly complicated and special requirements for margarine in section 407 of the act.

The bill I am introducing amends section 407 in three respects. First, in recent years the Food and Drug Administration has sought to remove the requirements for labeling the product name on the inner wrapper and make the FDA's regular requirements for inner unit labeling also applicable to margarine. The FDA has permitted omission of the ingredients provided a disclaimer statement appears on the inner wrapper and on the outer carton. My proposed legislation would repeal that requirement and leave it up to the FDA to regulate the labeling of margarine inner wrappers. Of course, the Food and Drug Administration will continue to have the authority to determine what, if anything, is necessary for consumer information and protection on margarine inner unit wrappers or on the subunits of any packaged foods.

Second, this legislation would remove the requirement that the product name of margarine on the outer package be in type as large as any other on the package. Through its regulatory process, the FDA can determine what should be labeled and how. All other foods are covered by the requirements in section 403 that packaged foods label the product name truthfully and conspicuously. Thus, this legislation seeks to bring margarine into line with the labeling requirements of other foods.

Third, the bill I am proposing would remove the requirement in section 407 which imposes a "double notice" on public eating places serving colored margarine. Present law requires that an eating place post a sign on the wall or make a statement in the menu identifying each serving of margarine by appropriate labeling or by a triangular shape. The FDA has given a low priority to the enforcement of this provision and takes the position that menus, labeling, or other customer notification regarding margarine use can more effectively be enforced by State and local inspection agencies. Food service establishment inspections are conducted by these levels of government now and thus their handling of this responsibility is more cost effective. This legislation will remove the notification process to be followed in restaurants possessing colored margarine and leave enforcement to the State and local inspection agencies.

Mr. President, when section 407 of the Food, Drug and Cosmetic Act was enacted in 1950, it was intended to establish protection for consumers at a time when margarine was entering a new period in its history. However, the status of margarine is significantly different now from what it was when section 407 was enacted some 33 years ago. Margarine has become the leading table spread, used by most American families.

This legislation will not diminish consumer protection. On the contrary, it will provide better consumer protection by making the law easier to comply with and will simplify the

burden on our expanding and important eating-out industry through useful regulatory reform. It extends no special treatment to margarine, it simply removes unnecessary restrictions which have become obsolete and often unenforced.

I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 881

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (b) of section 407 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 347) is amended—

(1) by inserting "and" after the comma at the end of clause (2);

(2) by striking out "(A) the word 'oleomargarine' or 'margarine' in type or lettering at least as large as any other type or lettering on such label, and (B)" in clause (3);

(3) by striking out the comma and "and" at the end of clause (3) and inserting in lieu thereof a period; and

(4) by striking out clause (4).

(b) Subsections (c) and (d) of such section are repealed.

(c) Subsection (e) of such section is redesignated as subsection (c).●

By Mr. PELL (for himself and Mr. STAFFORD):

S. 882. A bill to establish an Art Bank; to the Committee on Labor and Human Resources.

NATIONAL ART BANK

● Mr. PELL. Mr. President, today I am introducing legislation to establish a National Art Bank.

The purpose of the Art Bank is twofold. First it will beautify public places by displaying works of art and second, it will help American artists through its ability to purchase their work.

I believe that our Government's efforts to support the arts and our artists in particular could be complemented and strengthened through the creation and development of a National Art Bank.

The bill that I am introducing today would establish such an Art Bank within the National Endowment for the Arts. The bank would be headed by a director, who would be appointed by the chairman of the Endowment and who would report directly to the chairman with respect to the activities of the Art Bank.

The director of the Art Bank would from time to time appoint small ad hoc juries of artists and experts in the visual arts to view slides of artwork submitted by artists. Visits to artist's studios and art galleries would also be necessary in order to select works for the bank. With the assistance and guidance of these juries, the director would select works and purchase them at fair market value. The selection would be based primarily on the quality of the work; however, the need to encourage unknown artists from all sections of the United States would also be considered an important factor.

The director would also require those artists who receive fellowships in the visual arts from the National Endowment for the arts to donate one of their own works to the Art Bank. This work can be of the artists' own choosing.

These works together would constitute the Art Bank collection and would be made available to public and private facilities for display.

All Federal facilities could borrow works from the Art Bank. The General Services Administration would supervise loans to executive departments and agencies, the Architect of the Capitol would supervise loans to the Congress, and the Director of the Administrative Office of the U.S. Courts would supervise loans to Federal court buildings and facilities. Museums could also receive works on loan and free of charge from the Art Bank.

The Art Bank director would also be encouraged to sponsor exhibitions of Art Bank holdings, and to help State and local governments and nonprofit institutions set up their own Art Banks.

Public auctions could be held from time to time in order to reduce long-standing inventories and to allow regular renewal of the Art Bank collection. Through such sales, as well as rental fees, the Art Bank would be able to recover a substantial part of its investment.

The bill provides for a 3-year authorization of $1.5 million in fiscal year 1984, $2 million in fiscal year 1985, and $3 million in fiscal year 1986. Not more than $200,000 each year could be used for the cost of administering the program.

Mr. President, I believe that the establishment of a National Art Bank within the National Endowment for the Arts would be a most effective way at modest cost to assist the artists in our country. Ours is a nation with many fine professional artists who do not find adequate support or opportunities for exhibition before the public. Yet the work of these often overlooked Americans constitutes one of the most previous assets that we are able to pass from one generation to the next.

If the purpose of a government of the people, by the people, and for the people, is to foster the fullest realization of all the human qualities of its citizens, then that government must clearly nurture the arts. John Adams said "I must study politics and war, that my sons may have the liberty to study mathematics and philosophy * * * to give their children the right to study painting, poetry, and music."

During a recession period, artists are just as vulnerable to the economic downturn as are steel workers and auto workers. Artists in fact were assisted during the 1930's by the Government's Works Projects Administration. They were sustained and nurtured and were able to keep right on working through the Depression. This momentum ultimately produced the uniquely American abstract expressionist style in the 1950's. Whatever the original goal may have been for the WPA, it turned out to have a very beneficial influence on the arts.

The Art Bank would bring our artists today, not only the reward and recognition they deserve, but also the means for exposure. Art is not art unless it is seen. The Art Bank will become the vehicle by which high quality art will be brought into our daily lives. It will serve as the intermediary, the agency to select the art and then to arrange its presentation to the public.

Even with the cost limitations set forth in my bill, it will be possible to inaugurate this special program by reaching artists across the country and by bringing their work to a large cross-section of the American public. The public facilities within which the Art Bank collection can be displayed will become lively attractive places. Our Federal Government will be providing crucial support for our working American artists while at the same time enhancing the everyday environment for millions of people.

It is my hope that hearings on my proposal can be held in 1983. In the meantime, I would certainly welcome any suggestions or comments from my colleagues and the administration, as well as from artists, art dealers, collectors and the general public.●

By Mr. McCLURE (for himself, Mr. WARNER, Mr. LAXALT, Mr. HECHT, Mr. SYMMS, and Mr. WALLOP):

S. 883. A bill to amend the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.) to expedite exploration and development of geothermal resources; to the Committee on Energy and Natural Resources.

GEOTHERMAL STEAM ACT AMENDMENTS OF 1983

● Mr. McCLURE. Mr. President, today I am joined by Senators WARNER, LAXALT, HECHT, SYMMS, and WALLOP in introducing the Geothermal Steam Act Amendments of 1983.

Many of my colleagues may recall that on June 13, 1979, I introduced the first proposal ever in the Congress for omnibus geothermal development legislation. That legislation, introduced as S. 1330 in the 96th Congress, included proposals in a number of areas to support geothermal development, including reform of geothermal leasing under the Geothermal Steam Act of 1970. Most of the nonleasing proposals in that bill were enacted in one form

or another in the Energy Security Act of 1980 and in separate tax legislation.

The leasing reform proposals were considered by the Energy and Natural Resources Committee and passed separately by the Senate on June 24, 1980. The House also passed companion legislation on geothermal leasing reform in the 96th Congress, but we were unable to fashion a final compromise in informal negotiations with the House Interior and Insular Affairs Committee before the end of that Congress. Despite our efforts to bridge the differences of opinion among ENR Committee members with respect to what is needed to provide adequate protection for the nationally significant geothermal features of Yellowstone Park, the committee did not report a geothermal leasing bill during the 97th Congress.

The bill I am introducing today would reform the definition of a known geothermal resources area (KGRA) to clarify the competitive interest test, and rationalize better the competitive and noncompetitive leasing procedures dependent on the KGRA definition. The bill provides that the Secretary of the Interior may offer under alternative bidding systems up to 5 percent of the offerings in any year. The bill also provides an important recognition for the first time of the distinction between electric and nonelectric use of our geothermal resources in the area of royalties and certain leasing procedures. The bill would extend the lease duration for as long as there is commercial production. Current law provides for a lease term of 40 years with a preference right to an additional 40 years. The bill also increases the existing acreage limitation, which has become an impediment for some developers, to the higher limit of 51,200 acres passed by the Senate and House in the 96th Congress. It also provides for a discretionary increase in the per State acreage limitation to 115,200 acres in 1990. The bill includes a diligence provision which requires an exploration plan within 5 years, and drilling within 4 years after the plan. The bill also reforms a series of provisions in existing law to reflect the experience of a decade under the original Geothermal Steam Act.

One of the issues that has been most difficult for this Senator, and indeed the Energy and Natural Resources Committee is the question of Federal geothermal leasing in the vicinity of so-called nationally significant thermal features in a few of our national parks, most particularly Old Faithful Geyser at Yellowstone. I am still basically convinced that existing statutory authority if prudently and responsibly administered can provide the necessary protection for Old Faithful. I do not believe the creation of buffer zones around national parks in which various activities are proscribed altogether is either necessary or warranted, and I will continue to resist that notion. I recognize, though, that certain members of the ENR Committee have a particular representational responsibility to protect Old Faithful and Yellowstone Park, and I support them in discharging their, and our, responsibility in that regard. The bill, therefore, contains language which has been carefully crafted to provide a balance between assurance of protections to the national treasures in Yellowstone Park and care not to restrict unduly the search for valuable, publicly owned geothermal resources. It prevents the issuance of leases in the Island Park KGRA until the Secretary of the Interior has completed a study to determine whether any thermal geological connection exists between the Island Park KGRA and the thermal features of Yellowstone Park. This study shall be completed within 2 years after the date of enactment. Thereafter, the Secretary may issue leases in the Island Park KGRA if he determines that a valuable geothermal resource exists, if development of the resource will not adversely affect the thermal features of Yellowstone Park, and that such leasing will be consistent with his duty to protect the thermal features of the park. It further provides that the costs of monitoring or operational procedures determined by the Secretary to be necessary shall be born by the lessee. Overall, I believe this is a workable and acceptable compromise.

Mr. President, I believe we must not lose sight of the potential continuing energy supply which the geothermal resources in the Nation's Federal lands represent. We have championed geothermal development generally over the past 5 years, and rightly so. We cannot stop now when geothermal resources offer an attractive, economic, and secure alternative to imported oil. I should also note that the bill introduced earlier by Senator JACKSON includes many of the same concepts as my bill, thus giving us again a bipartisan basis for legislating on the issue. We can provide the support necessary to insure that those important geothermal resources are developed and available in the decades ahead. I ask unanimous consent that a copy of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 883

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.) is amended as follows:

SECTION 1. This Act may be cited as the "Geothermal Steam Act Amendments of 1983".

SEC. 2. Whenever an amendment or repeal contained in this Act is expressed in terms of amendment to, or repeal of, a section or other provision of "the Act," such reference shall be considered a reference to an amendment to, or repeal of, a provision of the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.; Public Law 91-581).

SEC. 3. Section 2(e) of the Act is amended to read as follows:

"(e) 'known geothermal resource area' means an area in which there is substantial physical evidence including but not limited to the geology or a discovery on such lands, which would, in the opinion of the Secretary, engender a belief in persons experienced in the subject matter that the prospects for extraction of geothermal resources for the primary purpose of generating electricity in commercial quantities warrant substantial expenditures for that purpose.".

SEC. 4. Section 3(2) of the Act is amended to read as follows: "(2) in any lands administered by another Federal agency or department, including public, withdrawn, or acquired lands.".

SEC. 5. Section 4 of the Act is amended—

(a) by deleting the first two sentences, and inserting in lieu thereof the following:

SEC. 4. (a) If lands to be leased under this Act are within any known geothermal resource area, they shall be leased to the highest responsible qualified bidder by competitive bidding. Any lands so offered and receiving no bids shall be declassified and leased to the first qualified applicant: *Provided,* That the Secretary's authority to reclassify such lands as a known geothermal resource area at a later date on the basis of new evidence shall not be affected. The Secretary may offer not to exceed 5 per centum of all lands offered for sale in any year on a basis other than cash bonus bidding, employing these bidding systems set forth in section 8(a)(1) of the Outer Continental Shelf Lands Act, as amended (45 U.S.C. 1335). The provisions shall expire on December 31, 1987."

"(b) If the lands to be leased are not within any known geothermal resource area, the qualified person first making application for the lease shall be entitled to a lease of such lands without competitive bidding, provided the lands applied for are not designated a known geothermal resource area within one year of the application being filed and before a lease is issued. If an application is rejected due to a known geothermal resource area designation of the lands within one year of the application being filed, the applicant shall have the opportunity to match the highest competitive bid for the parcel when offered, provided the applicant submits a bona fide bid at the sale. However, the applicant or lessee responsible for the exploration resulting in the designation of lands as a known geothermal resource area shall be entitled to noncompetitive leases for all lands in the known geothermal resource area for which the applicant or lessee had first filing applications on file prior to the approval of any plan of exploration or notice of intent to conduct geophysical exploration.".

(b) by inserting "(c)" before the word "Notwithstanding" at the beginning of the next sentence; and

(c) by redesignating subsections "(a)" through "(f)" as paragraphs "(1)" through "(6)".

SEC. 6. Section 5(a) of the Act is amended to read as follows:

"(a) a royalty of not less than 10 per centum or more than 15 per centum in the

case of electrical generation, or of not less than 5 per centum or more than 10 per centum in the case of nonelectrical utilization, of the amount or value, as utilized, of steam, heat, or other form of energy derived from production under the lease and sold or utilized by the lessee or reasonably susceptible to sale or utilization by the lessee. The Secretary may defer royalty payments for nonelectric geothermal developments when it is deemed to be in the public interest, for municipal, cooperative, or other political subdivision lessees where legal limitations on front-end financing otherwise would prohibit or significantly deter development.".

SEC. 7. (c) Section 6(a) of the Act is amended to read as follows:

"(a) Geothermal leases shall be for a primary term of ten years. If geothermal resources are produced or utilized in commercial quantities within this term, or any administrative extension thereof as provided pursuant to subsection (c), such lease shall continue for so long thereafter as geothermal resources are produced or utilized in commercial quantities.".

(b) Section 6(b) of the Act is deleted, section 6(c) is redesignated 6(b) and is revised to read as follows:

"(b) Any lease for land on which, or for which under an approved cooperative or unit plan of development or operation, actual drilling operations are commenced prior to the end of its primary term, or any administrative extension thereof as provided in subsection (c), and are being diligently prosecuted at that time shall be extended for five years and so long thereafter as geothermal resources are produced or utilized in commercial quantities.".

(c) Section 6(d) of the Act is redesignated 6(c) and amended to read as follows:

"(c) For purposes of subsection (a) of this section, production or utilization of geothermal resources in commercial quantities shall be deemed to include the completion of one or more producing or producible wells and either a bona fide sale for delivery to a facility or facilities installed or to be installed not later than fifteen years of the commencement date of the lease, or in the case of utilization by the lessee, proof of commitment to construct such utilization facilities. However, in the event construction of the facility or facilities has not been possible due to administrative delays beyond the control of the lessee or due to the demonstrated marginal economics of such a facility or facilities, and substantial investment in development of the lease has been made, the Secretary shall upon petition by the lessee, grant extensions totalling not more than 15 years beyond the expiration date of the primary lease: *Provided*, That the lessee be required to submit annual reports detailing bona fide efforts to resolve the administrative delays or to bring the facility or facilities into economic production.".

SEC. 8. Section 7 of the Act is amended to read as follows:

"SEC. 7. (a) A geothermal lease shall embrace a reasonably compact area of not more than two thousand five hundred and sixty acres, except where a departure therefrom is occasioned by an irregular subdivision or subdivisions. No person, association, or corporation, except as otherwise provided in this Act, shall take, hold, own, or control at any one time, any direct or indirect interest in Federal geothermal leases in any one State exceeding fifty-one thousand two hundred acres.

"(b) At any time after twenty years from the effective date of the Geothermal Steam Act of 1970, the Secretary, after public hearings, may increase this maximum holding in any one State by regulation, not to exceed one hundred fifteen thousand two hundred acres.

"(c) Any leases which contain a well shown to be capable of commercial production and any lease operated under an approved operating, drilling, or development contract as authorized under section 18 of this Act shall be excepted in determining holdings or control under this section.".

SEC. 9. Section 8(a) of the Act is amended to read as follows:

"SEC. 8. (a) The Secretary may adjust the terms and conditions, except as otherwise provided herein, of any geothermal lease issued under this Act at not less than twenty-year intervals beginning twenty years after the date production is commenced, as determined by the Secretary. Each geothermal lease issued under this Act shall provide for such readjustment. The Secretary shall give notification of any proposed readjustment of terms and conditions, and, unless the lessee files with the Secretary objection to the proposed terms or relinquishes the lease within thirty days after receipt of such notice, the lessee shall conclusively be deemed to have agreed with such terms and conditions. If the lessee files objections, and no agreement can be reached between sixty days, the lease may be reliquished by the lessee, or following appropriate judicial proceedings, canceled by the Secretary.".

SEC. 10. Section 15(b) of the Act is amended to read as follows:

"(b) The Secretary shall consult with the head of any other Federal agency or department with respect to lands under its jurisdiction to determine appropriate terms or conditions prior to issuing leases for such lands. However, as to acquired lands of other Federal agencies or departments, the Secretary shall not issue leases on those lands without the consent of the head of that agency or department. The head of the Federal agency or department which administers any land which is subject to a geothermal lease or which is available for geothermal leasing, shall, in making land use decisions regarding such land or adjacent lands, consider their potential for geothermal resource development.".

SEC. 11. Section 15 of the Act is amended by adding a new subsection (f) to read as follows:

"(f)(1) The Secretary shall not issue any geothermal lease pursuant to this Act in the Island Park Known Geothermal Resource Area adjacent to Yellowstone National Park until the requirements of paragraph (2) have been met.

"(2) Within two years from the date of enactment of this Act, the Secretary is authorized and directed to complete a study to determine whether any thermal geological connection exists between the Island Park KGRA and the thermal features of Yellowstone National Park. In addition, the study shall include an evaluation of and recommendation for monitoring techniques and operating procedures which may be employed in conjunction with any geothermal leasing in the Island Park KGRA, to protect the thermal features of Yellowstone National Park. The study shall be conducted by the United States Geological Survey in consultation with the National Academy of Sciences and the National Park Service. Upon completion of the study, which shall include the findings and recommendations of the Geological Survey and comments by the National Academy of Sciences and the National Park Service, it shall be transmitted forthwith to the Senate Committee on Energy and Natural Resources and the House Committee on Interior and Insular Affairs and made available to the public;

"(3) Sixty days (not counting days on which the House of Representatives or Senate was adjourned for more than three days) after receipt of the study required by paragraph (2), by the appropriate Committees the Secretary may issue geothermal leases in the Island Park KGRA, if he determines that: (A) a valuable geothermal resource exists; (B) development of the potential geothermal resource will not adversely affect the thermal features of Yellowstone National Park; and (C) after considering the finding and recommendations of the study, that such leasing will be consistent with the Secretary's duty to protect the thermal features of the park. Costs of any monitoring or operational procedures determined by the Secretary to be necessary shall be borne by the lessee or lessees;

"(4) Effective October 1, 1983, there are hereby authorized such sums as may be necessary to carry out the study provided for in paragraph (2).".

SEC. 12. Section 23 of the Act is amended by adding after subsection (b) the following:

"(c) Where the Secretary finds it in the public interest, the Secretary is authorized, subject to section 15(c), to issue permits for the use of geothermal resources in lands administered by him for any noncommercial application without requiring a lease or compensation therefor. No such free use permit may be issued for the purpose of generating electricity in any amount.

"(d) In any case in which the Federal interest in any geothermal energy research and development facility, pilot plant, or demonstration facility which utilizes geothermal resources from lands subject to the provisions of this Act is transferred to any person, corporation, municipality, or agency, the Secretary is authorized, notwithstanding any other provision of this Act, to issue at no cost, a permit allowing necessary surface use and utilization of geothermal resources sufficient, in the Secretary's opinion, for the continued operation of such plant or facility for the operating life of the project.

"(e) The head of each Federal agency may develop for the use or benefit of such agency any geothermal energy resource within lands under its jurisdiction. The head of such agency shall determine in writing, with the concurrence of the Department of the Interior, that such utilization is in the public interest, and will not deter commercial development which might otherwise be more beneficial to the public if the lands were offered for leasing under this Act.".

SEC. 13. Section 24 of the Act is amended by designating the existing text as subsection (a) and adding the following:

"(b) The Secretary shall establish requirements for diligent operations which shall require that a plan of operations for exploration shall be filed within five years of the issuance of a lease. The diligence requirements shall also provide that drilling shall commence no later than four years after approval of such plan. The Secretary may provide for the aggregation of diligence requirements on lease tracts within a geothermal prospect. The running time of the diligence requirements established in this subsection shall be suspended for periods of unreasonable delay caused by a lessee's inabil-

ity to obtain State or Federal permits (with the exception of permits issued by the Department of the Interior) through no fault of his own.".

SEC. 14. A new section is added to the Act as follows:

"SEC. 28. For purposes of section 4(d)(3) of the Wilderness Act of 1964 (16 U.S.C. 1131 et seq.), this Act, as amended, shall be deemed a law pertaining to mineral leasing.".

SEC. 15. The Act is further amended by making the following technical changes:

(a) Section 2(c) of the Act is amended by striking out "steam and associated geothermal" and by inserting after "brines" in the first place it appears, the following: "geopressured water, magma, and hot rock formations".

(b) Section 2(d) of the Act is amended by striking out "steam" in both places it appears and inserting in lieu thereof "resources".

(c) Section 3 of the Act is amended by striking out "steam and associated geothermal" in both places it appears.

(d) Section 5(d) of the Act is amended by striking out "steam and byproduct" and inserting in lieu thereof "resources".

(e) Section 6(a) of the Act is amended by striking out "steam is" in both places it appears and inserting in lieu thereof "resources are".

(f) Section 6(b) of the Act is amended by striking out "steam is" and inserting in lieu thereof "geothermal resources are".

(g) Section 6(c) of the Act is amended by striking out "steam is" in the first place it appears and inserting in lieu thereof "resources are," and by striking out "steam is" in the second place it appears and inserting in lieu thereof "geothermal resources are".

(h) Sections 6 (d) and (e) of the Act are amended by striking out "steam" in each place it appears and inserting in lieu thereof "resources".

(i) Section 6(f) of the Act is amended by striking out "steam and associated geothermal".

(j) Section 8 of the Act is amended by striking out "steam is" in both places it appears and inserting in lieu thereof "resources are".

(k) Section 9 of the Act is amended by striking out "steam" and inserting in lieu thereof "resources".

(l) Section 19 of the Act is amended by striking out "steam" and inserting in lieu thereof "resources".

(m) Section 23 of the Act is amended by striking out "steam and associated geothermal" in both places it appears.

(n) Section 25 of the Act is amended by striking out "steam and associated geothermal".

(o) Section 26 of the Act is amended by striking out "steam and associated geothermal".

(p) Section 27 of the Act is amended by striking out "steam and associated geothermal" in the three places it appears.●

By Mr. DURENBERGER (for himself and Mr. BOSCHWITZ):

S. 884. A bill to provide for the use and distribution of funds awarded the Red Lake Band of Chippewa Indians in docket numbered 15-72 of the U.S. Court of Claims; to the Select Committee on Indian Affairs.

RED LAKE BAND OF CHIPPEWA INDIANS

● Mr. DURENBERGER. Mr. President, the members of the Red Lake Band of Chippewas were awarded $600,000 by the Court of Claims on February 6, 1981, as compensation for damage to timber caused by the National Guard during the Korean war. It has now been over 2 years since entry of the judgment. The tribal members have not received their per capita payments, nor has the tribal government received its share of the judgment.

This afternoon I am introducing legislation ordering distribution of that judgement.

The legislation is necessary because the Department of the Interior failed to submit a distribution plan to Congress within 180 days as mandated by Public Law 94-134. It is doubly important as a result of enactment of Public Law 97-458 which would grant the Secretary of the Interior yet another year to submit a distribution plan. The bill we introduce this morning does contain the mechanism necessary to define the use and distribution of these funds and it is my hope that it can be quickly passed.

The legislation earmarks 80 percent of the funds for distribution amongst the tribal members and 20 percent for use by the tribal government. The plan for use of the tribal government funds would require approval by the Secretary of the Interior.

As you know, the economic climate on Indian reservations is particularly poor. Speedy approval and passage of this bill would enable the Secretary of the Interior to begin the process of distribution to individuals who badly need these funds. This, in turn, would improve the economic condition of those individuals and the surrounding business community. Enactment of this legislation would signal our intention to honor our commitments to native American citizens.

I ask unanimous consent that the bill be printed in full in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 884

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding any provision of the Act of October 19, 1973 (87 Stat. 466; 25 U.S.C. 1401, et. seq.), or any other law, regulation, or plan promulgated pursuant thereto, the funds appropriated with respect to the judgment awarded the Red Lake Band of Chippewa Indians in docket numbered 15-72 of the United States Court of Claims (less attorney fees and litigation expenses), including all interest and investment income accrued thereon, shall be distributed and used as follows:

(1) Eighty per centum of such funds shall be distributed by the Secretary of the Interior (hereinafter in this Act referred to as the "Secretary") in the form of per capita payments (in sums as equal as possible) to all enrolled members of the Red Lake Band of Chippewa Indians who are living on the date of enactment of this Act.

(2) Twenty per centum of such funds, including any interest or income accrued thereon, shall be—

(A) held in trust and invested by the Secretary for the benefit of the members of the Red Lake Band of Chippewa Indians, and

(B) distributed from such trust, subject to the approval of the Secretary, to the governing body of such tribe for the purpose of making expenditures to meet common tribal needs or educational requirements.

SEC. 3. (a) Any payment of a per capita share of funds to which a living, competent adult is entitled under this Act shall be paid directly to such adult.

(b) Any per capita share of funds to which a deceased individual is entitled under this Act shall be paid, and the beneficiaries thereof determined, under regulations prescribed by the Secretary.

(c) Any per capita share of funds to which a legally incompetent individual or an individual under eighteen years of age is entitled under this Act shall be paid in accordance with such procedures (including the establishment of trusts) as the Secretary determines to be necessary to protect the interests of such individual.

SEC. 4. None of the funds distributed under this Act shall be—

(1) subject to Federal, State, or local income taxes, or

(2) Considered income or resources in determining either eligibility for, or the amount of assistance under, Federal, State, or local programs.●

By Mr. FORD:

S. 886. A bill to designate the Alben Barkley National Historic Site; to the Committee on Energy and Natural Resources.

ALBEN BARKLEY NATIONAL HISTORICAL SITE

Mr. FORD. Mr. President, today I am submitting to the Senate a bill to designate the Alben Barkley Home, known as Angles, as a National Historic Site.

The Angles has the distinction of having been built by one of the Midwest's most prominent 19th century citizens, Q. Q. Quigley, and was also the residence most commonly associated with one of Kentucky's best known and best loved politicians, Alben Barkley (1877-1956), U.S. Senator, Senate majority leader, and Vice President under Harry S. Truman (1949-52). Its architecture combines early and mid-19th century features harmoniously.

The house was constructed around 1853 by Quigley, and named the Angles because of the manner whereby the three tracts of land on which the house is located came together at sharp angles.

Barkley was born near the small town of Lowes, Ky., in Graves County in his grandfather's log cabin. He came from a family of farmers, people of modest means and during most of Alben's early life his family lived on small farms his father rented.

In 1898, he moved to Paducah where he became a clerk in a law office. After he had saved sufficient funds he enrolled in the University of Virginia's law school. He was admitted to the

Kentucky Bar around 1902 and thereupon returned to Paducah where he began the practice of law.

Barkley's political career began in 1905 when he was elected prosecuting attorney for McCracken County, an office he held until 1908 when he was elected McCracken County judge. Continuing his rise on the political ladder, Barkley was elected Representative to the U.S. Congress in 1913, where he remained until 1927, and was then elected to the U.S. Senate. While in the upper House he served as majority leader from 1936 to 1947 and minority leader from 1947 to 1949. During his congressional career, he became closely identified with the policies of President Franklin D. Roosevelt and as majority leader, was responsible for their successful passage.

In 1949, President Harry S. Truman tapped Barkley as his running mate in Truman's successful bid for the Presidency. Barkley had a long and glorious career as one of the most powerful men in politics and is one of Kentucky's best known national figures.

Barkley and his wife, Dorothy, whom he married in 1903, bought the Angles in 1937. Barkley wrote in his autobiography that as a young man in Paducah, he had often admired the impressive house and had dreamed of someday owning it. Upon his retirement in 1952, he returned to the Angles.

In 1954, he described the place as follows:

I like to claim that I live in what I call "the original ranch house" in our section of the country, for Angles is a large structure, originally containing 11 rooms, all built on one floor.

Though it has brick walls, some 14 or 15 inches thick, the house was in deplorable condition when we bought it, as it had not been used as a regular residence for at least 25 years. It had no electricity or plumbing and a few closets. The water supply was a large enclosed cistern on the porch. But the old place was built soundly, and gradually we made it into a lovely and immensely livable home. It is furnished almost entirely with antiques, but you do not have to be afraid to sit on any of the chairs or sleep in any of the beds, for, although old, they are solid.

One thing you will not find at Angles is any sign saying "Private Property" or "Keep Off". Nor is there any gate barring my driveway. If my neighbors or visitors from anywhere want to drop in and see my place, they are always welcome. That has always been a rule at Angles.

While living there, the Barkleys went to great lengths to preserve the original flavor of the house while contributing several interesting features of their own. The property remains in the family, although both local and statewide interest has been expressed in preserving and making this landmark open to the public. The house has been placed on the National Register of Historic Places.

In 1954, at the age of 76, Kentucky Democratic leaders persuaded Barkley to seek a fifth term. He won the election beating the incumbent Republican Senator, John Sherman Cooper. Barkley died while giving a speech in Lexington, Va., in 1956.

The Angles, besides being architecturally beautiful, contains antiques and momentos which are of great value and interest to every historian.

Included in these items is a hand carved teakwood desk and chair used by Alben Barkley while serving as Vice President.

The furniture is originally from the Philippines. Some of the other items of value include a library which contains many books from Presidents Franklin Roosevelt and Truman, many portraits of Barkley and his wife, his top hat and suit worn during the Truman inauguration and a bust of FDR presented to him by the President. Also a 1930 brass tea set from the U.S.S.R. and a collection of over 150 canes collected by Alben Barkley during his years in public office.

A wealth of knowledge is contained in this house which has not changed since the Vice President died in 1956. I urge that this opportunity to preserve a part of America's history not be wasted and that this landmark be protected for the benefit, education, and inspiration of present and future generations.

Mr. President, a recent article in the Paducah Sun described in detail the current plight of the former Vice-President's home and noted that unless some action is forthcoming, both the Barkley home and its contents are destined soon for the auctioneer's block.

This adds a degree of urgency if the home and its contents are to be preserved for the enjoyment and edification of future generations.

Mr. President, I ask unanimous consent that the article be placed in the RECORD, and also that the text of the bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Paducah Sun, Mar. 13, 1983]

"ANGLES" MAY BECOME A HOUSE DIVIDED: EX-HOME OF ALBEN BARKLEY APPEARS DESTINED TO FALL VICTIM OF AUCTIONEER'S GAVEL

(By Bill Bartleman)

The memorabilia is only a fraction of what fills the hallways, rooms, closets and cabinets of the Paducah home known as "The Angles."

The home and contents document the life of the late Alben W. Barkley, who began a political career in 1909 as McCracken County attorney, rose to majority leader in the U.S. Senate in 1937 and to the nation's second-highest office, vice president, in 1949.

"The Angles," Barkley's Paducah home from 1936 until he died in 1956, and its contents will soon be separated.

David Barkley, son of the late vice president who now owns the home, is facing financial obligations which must be met this fall. Since his only wealth lies in the house and contents, he must sell them to meet the financial obligations.

Barkley said he plans to ship the antique furnishings and historic memorabilia to a large auction house on the East Coast to be sold at a public auction.

Barkley also plans to sell "The Angles" and about 10 acres, which he said has a value of about $300,000.

David Barkley has dedicated much of his life to preserving his father's momentoes. He says he can now only dream of finding a way to keep them all together as a lasting memory of his father, the most famous politician in Kentucky's history.

He speaks sadly when he talks of selling the contents and the house.

"Of course I want to keep all of this together," he said in an interview Saturday. "It just breaks my heart at what I have to do. I had hoped to die in this house, and in this bed.

Barkley said that together, the historic memorabilia and house have "personality and meaning," which he says will be lost when everything is sold "and scattered all over the place".

He said he would like for the items to be sold in Paducah, but said they will have a higher value to antique dealers and historians on the East Coast.

"I don't plan to sell anything locally," he said. "If I let one person come in and buy something, I'll have to let others come in, and I don't know the real value of some of this stuff.

"If anybody around here wants to buy something, they'll have to go to Washington or New York or wherever the auction is held," he said.

Both Barkley and his daughter, Dorothy, who lives with him, say they see very little chance that someone or some group will come up with a plan to keep the collection together.

The last hope, Barkley said, was for the federal government to purchase it and turn it into a "bush league Mt. Vernon," which was the home of George Washington.

A bill to designate "The Angles" as a national historic site made it through the U.S. Senate last year, but was killed in the House when U.S. Rep. Carroll Hubbard of Mayfield objected to the potential cost, which was about $700,000, including the contents and renovation.

Hubbard said he would reintroduce the bill this year with a lower cost. However, it hasn't been introduced yet.

Barkley said an appraiser from a large auction house recently visited "The Angles" and viewed the contents. "They say that it ($700,000) was a fair price," Barkley said. "I expect to get at least that when I sell everything."

Barkley is bitter when he talks of the failure of the plan to turn it into a national tourist attraction.

He said most people, even those in Paducah, don't realize the historical value of the home and its contents.

"It all went down because of one speech in the House," he said, an obvious reference to a speech made by Hubbard, in which he objected to the potential cost. The bill died after Hubbard delivered that speech.

Barkley said that if more people were aware of the historic value, there would have been more support in the community for turning it into a historic attraction, simi-

lar to what has been done with the homes of other famous national figures.

Barkley's daughter is willing to give people an opportunity to tour the home. While she said she will not be able to give tours to individuals, she will give them to any groups which contact her in advance to make arrangements.

"The Angles" was given its name because it sits at the juncture of three tracks of land, according to Barkley.

He said the home was built in about 1853 by Quintus Q. Quigley, a prominent attorney who drew up the city's first charter.

Barkley said he recalls his parents telling him that soon after they married in 1903, they would "hire a buggy" and drive out to the House and "dream of owning it someday."

He said to travel from the city "out Blandville Road" was a major trip in the early 1900s.

Ironically, Barkley said the same fate that will result in him selling it later this year allowed his father to buy it in 1937.

"The woman who owned it was having some financial problems, and wanted to sell it to someone who would keep it up," Barkley said. "So, my father made arrangements and got a long-term mortgage, and he was able to buy it."

Barkley said he hopes that the next owner also wants to keep it up.

"So many old houses have been turned into hamburger stands; I don't want to see that happen here," he said. "There aren't many homes left like this one."

S. 886

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. (a) That in order to preserve for the benefit, education, and inspiration of present and future generations certain historically significant properties associated with the life of Alben Barkley, the Secretary of the Interior is authorized to acquire by donation, purchase with donated or appropriated funds, or exchange, the lands and buildings thereon known as "Angles," comprising approximately thirteen acres located near Paducah, Kentucky.

(b) It is the express intent of the Congress that the Secretary should substantially complete the acquisition program authorized by this Act within one year after the date of enactment of this Act.

(c) Upon the acquisition of the aforesaid property, the Secretary shall establish the same as the Alben Barkley National Historic Site by publication of a notice and boundary map in the Federal Register. The Secretary shall administer the site in accordance with the Act of August 25, 1916 (39 Stat. 535), as amended and supplemented, and the Act of August 21, 1935 (49 Stat. 666), as amended.

SEC. 2. Effective October 1, 1982, there are authorized to be appropriated from the land and water conservation fund not to exceed $700,000 for the acquisition of lands and interests therein.

By Mr. INOUYE:

S.J. Res. 66. Joint resolution to authorize and request the President to designate May 6, 1983, as "National Nurse Recognition Day"; to the Committee on the Judiciary.

NATIONAL NURSE RECOGNITION DAY

● Mr. INOUYE. Mr. President, today it gives me a great deal of pleasure to introduce a Senate joint resolution to honor our Nation's professional nurses. These dedicated and compassionate individuals have contributed far more to our Nation's welfare than we have ever given them credit for. Their services touch the lives of every one of us.

Mr. President, I ask unanimous consent that the text of the joint resolution be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 66

Whereas, nurses constitute the largest single health care group in the country; and

Whereas, nurses are the ones who are always there—providing care in our nation's hospitals 24 hours a day, seven days a week—and in community clinics, schools, nursing homes, industry, physician's offices, and patient's homes; and

Whereas, nurses play a curcial role in health education and disease and injury prevention; and

Whereas, nursing support of patients and families is essential to rehabilitation and restoration of health; and

Whereas, nursing requires a high level of scientific knowledge, specialized skill, empathy and compassion; and

Whereas, nurses provide cost-effective, quality and underutilized services: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating May 6, 1983, as "National Nurse Recognition Day", and calling upon the people of the United States to observe the day with appropriate programs, ceremonies, and activities.●

By Mr. HEFLIN:

S.J. Res. 67. Joint resolution to designate the week of September 25, 1983, through October 1, 1983, as "National Respiratory Therapy Week"; to the Committee on the Judiciary

NATIONAL RESPIRATORY THERAPY WEEK

Mr. HEFLIN. Mr. President, today I am introducing a joint resolution which designates the week of September 25 through October 1, 1983, as National Respiratory Therapy Week.

I am honored to have the opportunity to introduce this legislation, for it is a means of expressing our sincere appreciation for and recognition of the thousands of Americans who work to help those unfortunate people who suffer from various respiratory ailments.

Some 80,000 respiratory therapy practitioners across the Nation are currently making significant contributions to the ever-important health care field.

Respiratory therapy practitioners are involved in the treatment, control, and evaluation of, and care for, patients suffering from serious deficiencies of the cardiopulmonary system. A variety of clinical conditions and diseases are treated by respiratory therapists, including asthma, emphysema, chronic bronchitis, pneumonia, black and brown lung, trauma, drowning, infant respiratory distress syndrome, and cystic fibrosis.

These practitioners deliver care to the distressed with great dedication, diligence, and professionalism. Until the past few years, the field of respiratory therapy centered exclusively in the hospital, and on the treatment of acutely ill patients. In a hospital-based setting, respiratory therapy practitioners were usually found in the intensive care unit, operating and maintaining oxygen ventilators and other similar life-sustaining equipment.

Technological developments in recent years have increased the scope, complexity, and demands of the profession. Today, in addition to their hospital-based work, respiratory therapy practitioners have broadened the delivery of care into both the outpatient and the home-care setting. They now provide treatment for both acute and chronic care patients, on a 24-hour-a-day, 7-day-a-week basis.

My home State, Alabama, has been blessed for many years with excellent facilities and professionals in the various health care fields. Our hospitals and medical schools are among the best, and the best-known, in the world.

An important part of the reason for this fine reputation has been the outstanding work done by the some 2,000 respiratory therapists in the State. They are recognized, both by their professional peers and by knowledgeable observers outside the health care field, as a crucial component of the health care delivery team.

Mr. President, my purpose in introducing this resolution is to increase public awareness of an appreciation for these hard working contributiors to the health care field. These individuals and the work they do are far too important for us to allow them to go unnoticed.

I urge all of my colleagues to support this joint resolution, and invite all to join me as a cosponsor of the measure.

Mr. President, I ask unanimous consent that the text of the joint resolution designating "National Respiratory Therapy Week" be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 67

Whereas respiratory therapy is recognized as a highly technological and progressive segment of the health care delivery system in the United States;

Whereas there are over eighty thousand respiratory therapy practitioners in the Nation who are making an important contribution to the delivery of quality health care;

Whereas respiratory therapy is an integral part of critical care and general medicine;

Whereas respiratory therapists are involved with therapeutic and life-sustaining cardiopulmonary care to patients suffering from lung and associated heart disorders; and

Whereas in recent years the field of respiratory therapy has expanded to include postoperative pulmonary care, education, research, pulmonary testing, pulmonary rehabilitation, and neonatal-pediatric specialties: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of September 25, 1983, through October 1, 1983, is designated as "National Respiratory Therapy Week" and the President is authorized and requested to issue a proclamation calling on the people of the United States to observe the week with appropriate programs, ceremonies, and activities.

By Mr. SPECTER (for himself, Mr. CRANSTON, Mr. JEPSEN, Mr. DECONCINI, Mr. PELL, Mr. SASSER, Mr. CHILES, Mr. BOSCHWITZ, Mr. MATSUNAGA, Mr. KENNEDY, Mr. TSONGAS, Mr. RANDOLPH, Mr. RIEGLE, Mr. MELCHER, Mr. HEFLIN, Mr. MOYNIHAN, Mr. BUMPERS, Mr. GRASSLEY, Mr. PRESSLER, Mr. HEINZ, Mr. SARBANES, Mr. HOLLINGS, and Mr. PRYOR):

S.J. Res. 68. Joint resolution to authorize and request the President to designate July 16, 1983, as "National Atomic Veterans' Day"; to the Committee on the Judiciary.

NATIONAL ATOMIC VETERANS' DAY

Mr. SPECTER. Mr. President, I rise today to introduce with Senator CRANSTON, Senator JEPSEN, Senator DECONCINI, and others a joint resolution to designate July 16, 1983, as "National Atomic Veterans' Day." This joint resolution enjoys the bipartisan cosponsorship of 22 of my distinguished Senate colleagues.

Beginning in 1945, and continuing until 1963, the United States detonated some 235 nuclear weapons in atmospheric tests conducted in the Pacific and the American Southwest. The Department of Defense has estimated that approximately 250,000 American servicemen and women witnessed and participated in these tests, or served in the occupation forces in Hiroshima and Nagasaki immediately following World War II.

Nuclear weapons testing was heaviest during the mid-1950's. At many tests, 3,000 to 4,000 troops were positioned near detonation sites. At other tests, units were marched or helicoptered to ground zero soon after the explosion and run through simulated combat maneuvers to test their psychological and military response to the blast. In some instances, volunteer service personnel were placed in open trenches as close as 2,000 yards from ground zero and, at one test, six volunteers stood at ground zero under an airburst some 20,000 feet above them.

There is no question that many patriotic individuals were exposed to radiation resulting from nuclear weapon detonations. Having served their country, these veterans returned to civilian life not realizing the potential gravity of the consequences of exposure. Now, 20 and 30 years later, we are beginning to see unusually high incidences of cancer and other radiation-related degenerative diseases among these veterans. A study of approximately 3,000 veterans of one 1957 test in Nevada, "Shot Smoky," conducted by the Center for Disease Control, identified 11 cases of leukemia. This finding was about three times the expected normal rate. Additionally, a very rare form of bone marrow disease, polycythemia vera (PV), was discovered at an alarmingly high incidence rate of 10 times the expected normal rate among the "Smoky" participants.

Over the past 2 years, more attention and concern for the plight of these men has surfaced. One very positive result has been the announcement by both the Senate and House Veterans' Affairs Committees that hearings for these atomic veterans and their offspring will be held on April 6 in the Senate and May 24 in the House of Representatives. Recognizing the patriotism and dedication demonstrated by the atomic veterans, it is imperative that the U.S. Government make every effort to resolve the issues arising from the problems caused by the exposure of the atomic veterans to ionizing radiation.

The dilemma faced by the atomic veteran arises from the nature of radiation injury. The illnesses induced by radiation often take years, even decades, to become apparent. When they do arise they are often indistinguishable from the same diseases induced by other causes. Moreover, there is no scientific consensus as to the relationship between the level of radiation exposure and subsequent health problems.

Many veterans of nuclear weapons testing have asserted a causal connection between their cancer or other illness and inservice exposure to radiation. Many of the atomic veterans have sought medical care and compensation from the Veterans' Administration, but have found it difficult to demonstrate a causal relationship between radiation exposure and injury. Aside from the problems arising from the nature of radiation illness, Government action has resulted in the absence of some needed evidence.

The Government did not take precise measurements of the radiation doses received by test participants. Many were not given film badges for measuring radiation exposures. For those few who were issued badges, the badges only recorded gamma-ray exposure. No measurements were taken of exposure to radiation from neutrons, alpha, and beta rays.

Until a limited study of leukemia among one test group, begun by the Center for Disease Control in 1977, the Government made no effort to conduct medical follow-up to test participants and their offspring.

The Government did not maintain systematic records of those exposed. Of the personnel records that were maintained, many were destroyed as a result of a 1977 fire in a military warehouse in St. Louis.

In addition, the Feres doctrine dictates that the military is exempt from liability to servicemen for injuries that occur in the course of their service. Also, the Veterans' Administration is virtually unique among Federal agencies in that its decisions are not subject to judicial review.

For the reasons I have just cited, atomic veterans have encountered difficulty in resolving issues related to their exposure to ionizing radiation. Were we merely debating the analytical question of possible adverse health effects associated with ionizing radiation in a purely academic forum, we could perhaps afford to wait. But this problem is not theoretical. Atomic veterans are today the living embodiment of a technology which may be sapping them of their vitality and longevity, and further, a technology which may have tampered with the gene pool of future generations.

By issuing a proclamation for "National Atomic Veterans Day," we will not be able to reverse the possible ill-effects associated with exposure to ionizing radiation during atmospheric nuclear testing. Instead, this proclamation will enable more Americans to hear the story of these patriotic men and women who fought the Cold War for the security of the country they loved so dearly. A proclamation for "National Atomic Veterans Day" will remind our atomic veterans that our Nation has not forgotten their contribution toward the security and freedom we too easily take for granted. Many still carry a bitter reminder of their service.

Mr. President, July 16, 1983, marks the 38th anniversary of "Trinity," the first detonation of an atomic weapon. My colleagues and I therefore believe that it is appropriate to have that day declared "National Atomic Veterans Day" in recognition of the importance of resolving issues related to the exposure of these veterans to ionizing radiation. I urge my fellow Senators to join us in honoring these courageous men and women.

IN SUPPORT OF ATOMIC VETERANS DAY

● Mr. JEPSEN. Mr. President, July 16 will mark the 38th anniversary of the first atomic bomb in 1945. That act has irrevocably changed the character of war, as well as the course of inter-

national relations. The terrible effects of nuclear weapons are a shadow that now hangs over us all.

In 1945, the effects of nuclear explosions were much less clearly understood than is the case now. As a result many of our service people on occupation duty in Hiroshima and Nagasaki may have been exposed to higher levels of background radiation than would be considered safe today. Moreover, from 1945 through 1963, hundreds of atmospheric tests were conducted during which members of our Armed Forces were located in very close proximity to the explosions.

Mr. President, we should reflect for a moment on the experiences that these service people had to endure in performing their duties. Nothing could prepare one for witnessing an atomic explosion at close range. We can only imagine the fear and anxiety that these veterans must have felt in confronting this unknown.

The contribution of this patriotic group of veterans has gone unrecognized for much too long. If only by virtue of the unique sacrifices they made in the service of their country, they should have been honored by a special day long ago. But our failure to address the more serious question of the effects of exposure to ionizing radiation represents an even greater breach of faith. There is a very real possibility that these veterans and their children may have been adversely affected by exposure to radiation in the course of their duties in the Armed Forces.

The information that is available is incomplete. We cannot prejudge the issue. But the fact is that only recently have the Veterans' Administration and the Defense Nuclear Agency begun to study the issue in a systematic manner. A great deal of controversy remains over the accuracy of the Department of Defense records and the methodology to be used to judge compensation claims under current Veterans' Administration rules.

Mr. President, this is an aging group of veterans. If in fact there are cases of veterans suffering from radiation exposure 20 or 30 years in the past, the side effects are affecting their lives now. We cannot delay the resolution of this issue any longer.

It is my understanding that the Veterans' Affairs Committee will be holding hearings soon on this pressing issue. Further efforts are needed to develop an equitable methodology for paying affected veterans some small compensation for their enormous sacrifice for their country.

Finally, we must make a greater effort to locate veterans who may have participated in the occupation of Nagasaki and Hiroshima and the atmospheric tests after the war. The National Association of Atomic Veterans, headquartered in Burlington, Iowa, has devoted a great deal of effort to search for these participants. They should be assisted by Federal agencies wherever possible.

As chairman of the Senate Armed Services Manpower and Personnel Subcommittee, I am concerned with adequate manning of our All-Volunteer Force. Our success in recruiting and retaining the numbers and quality of people we need is directly related to how well we keep our commitments to those who have served before them.

Although resolution of the issue of radiation exposure will not be easy, we must begin the effort with all deliberate speed. I urge my colleagues to cosponsor and support the resolution offered by my distinguished colleague from Pennsylvania.●

By Mr. PRESSLER:

S.J. Res. 69. A joint resolution to provide for the establishment of a cooperative effort between the U.S. Government and the U.S. Soccer Federation in bringing the World Cup to the United States in 1986; to the Committee on Commerce, Science, and Transportation.

WORLD CUP SOCCER IN THE UNITED STATES

Mr. PRESSLER. Mr. President, I am today introducing a joint resolution expressing congressional support for the efforts of the U.S. Soccer Federation to host the 1986 Soccer World Cup. In addition, it calls on the President to designate the Secretary of Commerce as the administration's official representative to assist the USSF in its bid to bring one of the world's greatest sporting events to America.

As a result of the unexpected withdrawal in October 1982, of Colombia, the previously designated host country, the Federation Internationale de Football Associations (FIFA) has reopened the bidding to host the 1986 World Cup games. Four national soccer federations responded immediately—Brazil, Mexico, Canada, and the United States. By all press accounts, it appeared that Brazil was the front runner—until early March of this year when it withdrew its bid.

That brings us to today, Mr. President, with the United States one of the three remaining applicants. The U.S. Soccer Federation's proposal was filed with FIFA on March 11. It is an excellent presentation, complete with proposed sites. Its most important point, and one that needs to be emphasized, is that given the unusually short time for preparations, the United States is the only country that can stage the 1986 Soccer World Cup without major capital expenditures and building programs. Communications, transportation, hotels, and stadia are already in place.

Mr. President, the World Cup games are not just important sporting events—they are a major tourist attraction for the host country. Bringing the games to the United States will not only serve as a tremendous impetus to the continued growth of soccer here, but it will also bring millions of dollars in tourist trade. As chairman of the Senate Subcommittee on Business, Trade and Tourism, I am well aware of how important this event is in creating jobs and stimulating our economy. Because of the many foreign tourists this event will attract, it will be helpful in narrowing our trade deficit and will generate millions of tax dollars from foreign sources.

The 1982 games in Spain, for example, generated $20 million in gate receipts, $20 million in TV receipts, and $18 million in ancillary rights. The USSF's conservative estimate of gate receipts for 1986 is $33 million, with a high figure of $45 million.

Both the Mexican and Canadian Governments are actively supporting their soccer federations' bids. Mexican officials continue to proclaim that their financial distress will not adversehy affect their ability to host World Cup. The Canadian Federal Government, meanwhile, recently announced its official support for efforts to bring the cup to Canada—and authorized a $50 million budget to back it up.

The USSF is not seeking Federal funds to sustain its efforts. It does, however, need the active cooperation and support of the government—to meet FIFA requirements regarding visas, customs regulations, and international exchange rates, to mention a few of the items that require a Federal role. The President has already expressed his support for this event. I commend him for his foresight in this matter. A letter from President Reagan to Mr. Gene Edwards, president of the U.S. Soccer Federation, is being appended to the USSF's formal application.

Mr. President, FIFA officials are planning a trip to the United States sometime in mid-April. They will be visiting a number of the proposed sites and meeting with those officials and businessmen who are spearheading the U.S. bid. All of this is preparatory to a final FIFA decision on May 20. Therefore, I urge my colleagues to join me now in a strong expression of congressional support to bring the World Cup games here—and to express our willingness to assist the USSF in its efforts. In fact, Mr. President, I am hopeful that, together with the Secretary of Commerce, we can meet with FIFA officials while they are here in Washington to tell them firsthand of our commitment as embodied in this resolution.

ADDITIONAL COSPONSORS

S. 32

At the request of Mr. MATHIAS, the name of the Senator from Alabama

(Mr. HEFLIN) was added as a cosponsor of S. 32, a bill to amend title 17 of the United States Code with respect to rental, lease, or lending of sound recordings.

S. 57

At the request of Mr. SPECTER, the name of the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of S. 57, a bill to amend title 18 of the United States Code relating to the sexual exploitation of children.

S. 127

At the request of Mr. MATHIAS, the name of the Senator from Montana (Mr. MELCHER) was added as a cosponsor of S. 127, a bill to revise the first section of the Clayton Act to expand the scope of the antitrust laws, and for other purposes.

S. 152

At the request of Mr. JEPSEN, the names of the Senator from Illinois (Mr. DIXON), the Senator from Oklahoma (Mr. BOREN), and the Senator from South Dakota (Mr. ABDNOR) were added as cosponsors of S. 152, a bill to amend the Internal Revenue Code of 1954 to provide an investment tax credit for certain soil and water conservation expenditures.

S. 212

At the request of Mr. PRESSLER, the names of the Senator from Alaska (Mr. STEVENS), the Senator from Iowa (Mr. Jepsen), and the Senator from Pennsylvania (Mr. SPECTER) were added as cosponsors of S. 212, a bill to authorize funds for the U.S. Travel and Tourism Administration.

S. 314

At the request of Mr. GOLDWATER, the name of the Senator from Florida (Mrs. HAWKINS) was added as a cosponsor of S. 314, a bill to encourage in-flight emergency care aboard aircraft by requiring the placement of emergency equipment, supplies, and drugs aboard aircraft and by relieving appropriate persons of liability for the provision and use of such emergency equipment, supplies, and drugs.

S. 467

At the request of Mr. JEPSEN, the names of the Senator from Colorado (Mr. ARMSTRONG), and the Senator from Louisiana (Mr. JOHNSTON) were added as cosponsors of S. 467, a bill to establish U.S. governmental policy with regard to respect for human life.

S. 480

At the request of Mr. PRESSLER, the name of the Senator from Rhode Island (Mr. PELL) was added as a cosponsor of S. 480, a bill relating to the transfer of civil land remote sensing space satellite systems and meteorological satellite systems to the private sector.

S. 530

At the request of Mr. STAFFORD, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 530, a bill to provide for a program of financial assistance to States in order to strengthen instruction in mathematics, science, computer education, foreign languages, and vocational education, and for other purposes.

S. 553

At the request of Mr. HART, the name of the Senator from Hawaii (Mr. MATSUNAGA) was added as a cosponsor of S. 553, a bill to authorize a national program of improving the quality of education.

S. 618

At the request of Mr. PERCY, the name of the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 618, a bill to revise certain Federal training and economic development programs to create jobs and develop skills in renewable energy and energy conservation industries, and for other purposes.

S. 653

At the request of Mr. JACKSON, the names of the Senator from South Carolina (Mr. THURMOND), the Senator from Iowa (Mr. JEPSEN), the Senator from Nebraska (Mr. EXON), the Senator from Michigan (Mr. LEVIN), and the Senator from Massachusetts (Mr. KENNEDY), were added as cosponsors of S. 653, a bill to amend chapter 104, title 10, United States Code, to establish the Foundation for the Advancement of Military Medicine, and for other purposes.

At the request of Mr. MCCLURE, the name of the Senator from Hawaii (Mr. INOUYE), was added as a cosponsor of S. 671, a bill to authorize a national program to encourage dam safety.

S. 841

At the request of Mr. ZORINSKY, the name of the Senator from Montana (Mr. BAUCUS), was added as a cosponsor of S. 841, a bill to amend the Commodity Credit Corporation Charter Act to require the Commodity Credit Corporation to pay rates for the storage of grain on farms which is no less than the rates the Corporation pays for storage of grain in commercial storage facilities.

S. 842

At the request of Mr. WEICKER, the name of the Senator from Illinois (Mr. DIXON) was added as a cosponsor of S. 842, to amend the Internal Revenue Code of 1954 to provide tax incentives for the issuance of small business participating debentures.

S. 872

At the request of Mr. LUGAR, the names of the Senator from Texas (Mr. TOWER), the Senator from Kansas (Mr. DOLE), and the Senator from Arizona (Mr. GOLDWATER) were added as cosponsors of S. 872, a bill to establish an Ocean and Coastal Resources Management Fund from which Coastal States shall receive grants, and for other purposes.

SENATE JOINT RESOLUTION 45

At the request of Mr. BURDICK, the names of the Senator from Alabama (Mr. HEFLIN), and the Senator from Utah (Mr. HATCH) were added as cosponsors of Senate Joint Resolution 45, a joint resolution designating November 20 through 26, 1983, as "National Family Week."

SENATE JOINT RESOLUTION 62

At the request of Mr. MATHIAS, the name of the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of Senate Joint Resolution 62, a joint resolution to provide for the designation of the week beginning on May 15, 1983, as "National Parkinson's Disease Week."

SENATE CONCURRENT RESOLUTION 11

At the request of Mr. MITCHELL, the names of the Senator from Texas (Mr. BENTSEN), the Senator from Maine (Mr. COHEN), and the Senator from Pennsylvania (Mr. HEINZ) were added as cosponsors of Senate Concurrent Resolution 11, a concurrent resolution expressing the sense of the Congress concerning the obligations of the Government of the Soviet Union under international law with respect to human rights.

SENATE CONCURRENT RESOLUTION 14

At the request of Mr. LUGAR, the names of the Senator from North Carolina (Mr. HELMS), and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of Senate Concurrent Resolution 14, a concurrent resolution in commemoration of the bicentennial of the birth of Simon Bolivar, hero of the independence of the Americas.

SENATE RESOLUTION 90

At the request of Mr. MATHIAS, the names of the Senator from Illinois (Mr. PERCY), and the Senator from Nebraska (Mr. ZORINSKY) were added as cosponsors of Senate Resolution 90, a resolution expressing the sense of the Senate that the Soviet Government should immediately release Anatoly Shcharansky and allow him to emigrate.

AMENDMENT NO. 528

At the request of Mr. HEINZ, the names of the Senator from Illinois (Mr. PERCY), the Senator from Michigan (Mr. RIEGLE), and the Senator from Mississippi (Mr. STENNIS) were added as cosponsors of amendment No. 528 proposed to H.R. 1900, a bill to assure the solvency of the social security trust funds, to reform the medicare reimbursement of hospitals, to extend the Federal supplemental compensation program, and for other purposes.

AMENDMENTS SUBMITTED FOR PRINTING

SOCIAL SECURITY ACT AMENDMENTS

AMENDMENT NO. 534

(Ordered to be printed.)

Mr. QUAYLE proposed an amendment to the amendment (No. 516 in the nature of a substitute) proposed by Mr. DOLE to the bill (H.R. 1900) to assure the solvency of the social security trust funds to reform the medicare reimbursement of hospitals, to extend the Federal supplemental compensation program, and for other purposes.

AMENDMENT NO. 535

(Ordered to be printed.)

Mr. BAUCUS (for himself, Mr. QUAYLE, Mr. NUNN, Mr. SASSER, Mr. GORTON, Mr. PRYOR, Mr. ABDNOR, and Mr. HUDDLESTON) proposed an amendment to the amendment (No. 516 in the nature of a substitute) proposed by Mr. DOLE to the bill H.R. 1900, supra.

AMENDMENT NO. 536

(Ordered to be printed and to lie on the table.)

Mr. MATSUNAGA submitted an amendment intended to be proposed by him to the amendment (No. 516 in the nature of a substitute) proposed by Mr. DOLE to the bill H.R. 1900, supra.

NOTICES OF HEARINGS

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. STAFFORD. Mr. President, the Committee on Environment and Public Works will conduct 3 days of hearings into the issue of infrastructure/jobs. The hearings will occur April 11, 12, and 18. In each case the hearing will begin at 10 a.m. Each hearing will occur in SD-406 of the Dirksen Senate Office Building.

The bills that will be evaluated are:

S. 23, introduced by Senator MOYNIHAN and others.

S. 532, introduced by Senator DOMENICI and others.

S. 724, introduced by Senator RANDOLPH and myself.

The proposal Senator RANDOLPH and I have made, S. 724, contains five important initiatives. These are:

A $5 billion-a-year program of matching grants to the States for construction and renovation of infrastructure projects.

A $225 million-a-year program for economic development in rural areas.

A standby public investment program for use at times of recession.

A one-shot effort to renovate historic buildings and sites.

A $3 billion-a-year program of jobs for our young people, putting them to work weatherizing homes, sprucing up urban parks, removing architectural barriers to the handicapped, while also creating a Young Adults Conservation Corps.

We hope these hearings will enable the committee to move forward soon to report a public investment/jobs bill to the Senate, follow-on legislation to H.R. 1718.

In the course of these hearings, I hope those witnesses discussing S. 724 will focus on questions such as the following:

First. The need for the spending levels and time-periods proposed in each of the bill's titles.

Second. An analysis of the allocation or distribution formula utilized in each title.

Third. The need for an assured funding mechanism, possibly through a form of dedicated revenues, for title I and/or title V.

Fourth. A discussion of the specific types of work to be covered by the various titles of S. 724.

Fifth. A discussion of the degree to which any of the titles should be broadened or targeted more carefully.

Sixth. A discussion of which titles are most cost-effective in meeting national needs, and how that cost-effectiveness might be augmented.

Seventh. A discussion of how Congress should mesh the bill with existing Federal investment programs.

Eighth. To what degree should the State programs under title I become self-sustaining?

Ninth. A discussion of whether the title I standards for a State program and the targeting provisions of title II are adequate.

Tenth. Are the provisions involving women and minorities—(section 103(a)(1)(F)) and the pass-through provision for the cities (section 103(a)(1)(H)) adequate?

Eleventh. Is there a need for a needs inventory? Can one be effective? To what degree should the Federal Government assign priorities?

Twelfth. A discussion of the eligibility requirements and the trigger in the title III program.

Thirteenth. How can this bill create an incentive for new projects, rather than simply substituting a Federal project for one using non-Federal money?

Fourteenth. A discussion of whether the various types of activities under title V are sufficiently broad, and whether the ages covered are the ones to be targeted.

Fifteenth. A discussion of the title V eligibility requirements for young Americans.

Persons wishing to testify, or who wish to have material included with the committee's hearing record, should contact the committee's assistant staff director, Hal Brayman, at 202/224-7866.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON THE JUDICIARY

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Tuesday, March 22, 1983, in order to consider and act on the following bills:

S. , the Thurmond-Heflin bankruptcy bill;

S. 443, Bankruptcy Court Reorganization Act of 1983;

S. 445, Omnibus Bankruptcy Improvements Act of 1983;

S. 54, Bankruptcy Courts Reform Act of 1983;

S. 333, Consumer Bankruptcy Improvements Act of 1983;

S. 549, Shopping Center Transit Bankruptcy Protections Improvements Act of 1983;

S. 492, to amend the Bankruptcy Act regarding executory contracts, and for other purposes; or on any other bankruptcy court reform measures that may be placed on the agenda.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Wednesday, March 23, at 9:30 a.m., to hold a hearing on management of the Department of Defense.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ARMED SERVICES

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Tuesday, March 22, to hold a confirmation hearing on Joseph Sherick to be Inspector General of the Department of Defense, and to consider S. 653 and an original bill, the Military Justice Act of 1983.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. BAKER. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Thursday, March 24, at 10 a.m., to hold a closed hearing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON THE BUDGET

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on the Budget of the Select Committee on Intelligence be authorized to meet during the session of the Senate on Friday, March 25, in a closed session.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON AGRICULTURAL CREDIT AND RURAL ELECTRIFICATION

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Agricultural Credit and Rural Electrification of the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate on Wednesday, March 23, at 9:30 a.m., to hold a hearing on farm credit needs and reauthorization levels for FmHA loan programs.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE MORAL HAZARD OF IMF LENDING

● Mr. HUMPHREY. Mr. President, earlier this month, the Heritage Foundation sponsored a conference here in Washington entitled "The Future of the International Monetary Fund, the World Bank, and International Lending." Distinguished economists of the Western world delivered lectures and submitted papers examining the role of these multilateral institutions and questioning how legitimate a role they play in our debt-laden world

One of the distinguished conference participants, Dr. Roland Vaubel of the Institute of World Economics in Kiel, West Germany, submitted a most enlightening piece of work entitled, "The Moral Hazard of IMF Lending." The term "moral hazard" is used by Dr. Vaubel in the same context we apply it in conventional insurance and risk theory. Inasmuch as we do not permit the owner of a $50,000 home to insure it for half a million, lest we reduce the incentive for him to care for the property, so should we heed Dr. Vaubel's warning that "cheap IMF lending is likely to generate moral hazard by reducing the incentive not to become needy." In his paper, Dr. Vaubel examines six popular arguments in support of IMF lending and proceeds to discredit them in what I find to be a most convincing manner.

In a few weeks, Mr. President, we will be asked to approve the contribution of an additional $8.5 billion to this process. Before this monumental decision comes to pass, I would urge my colleagues and their staff members involved with the IMF to read and ponder carefully Dr. Vaubel's fine paper.

Mr. President, I ask that Dr. Vaubel's paper be printed in the RECORD.

The material follows:

THE MORAL HAZARD OF IMF LENDING

(By Roland Vaubel)

Two farmers meet. "I've just insured myself against fire and hail" says one. "I can see your point about fire" replies the other, but how do you make hail?"

"In principle, countries always have the ability to pay debts service . . . If the creditor adopts a policy of offering new aid whenever a debtor threatens to default, debtors are likely to increase their threats of default in order to gain more assistance." (Wilson Schmidt, 1965).

I. THE MORAL HAZARD HYPOTHESIS

On February 11, 1983, the Interim Committee of the Board of Governors of the International Monetary Fund (IMF) decided to raise total member quotas from SDR 61.1 billion to SDR 90 billion, i.e., by more than 47 per cent. The increase is to become effective at the beginning of 1984; normally the next quinquennial adjustment of quotas would have been due in 1985 (the last was in November 1980).

On January 18, 1983, the Ministers and Governors of the Group of Ten and Switzerland decided to increase the aggregate credit commitments under the General Arrangements to Borrow (GAB) from SDR 6.4 billion to SDR 17.0 billion, i.e., by about 166 per cent. They agreed that in the future the GAB would also be available for conditional financing by the IMF when "the Fund was faced with an inadequacy of resources arising from an exceptional situation associated with requests from countries with balance of payments problems of a character or of aggregate size that could pose a threat to the stability of the international monetary system".

Finally, since last summer the Bank for International Settlements (BIS) has provided special "bridging loans" for Hungary, Mexico, Brazil, Argentina and Yugoslavia. Venezuela is expected to be the next applicant.

Are these startling increases in official international lending (or "liquidity") necessary? Are they dangerous?

When the par-value system of Bretton Woods finally collapsed in 1973, many observers expected the demise of the IMF, at least of its lending operations. In fact, as can be seen from Table 1 [not printed], international liquidity made available by the IMF more than doubled from 1970 to 1975 in real terms (using the U.S. GDP deflator); from 1975 to 1982, it increased by another 58 per cent (in real terms). Even relative to world exports, IMF international liquidity was 35 per cent larger in 1982 than in 1970, and four and a half times larger than in 1960. Is this an instance of Parkinson's Law? Is the IMF growing though the need for its lending is diminishing, just as the British Admiralty augmented its administrative personnel by more than three quarters from 1914 to 1928, though the number of large combat ships diminished from 62 to 20 and total crew personnel declined by almost a third?

Faced with the threat of decline in 1973, the IMF grasped the opportunity provided by the two oil price shocks. At first it was mainly low-conditionality lending which expanded, but by about 1981 higher-conditionality lending had reattained its 1970 share. While the subsidisation of SDR use was gradually reduced by raising its interest rate toward market levels, those countries which were most likely to request assistance from the Fund, i.e., the developing countries, could increasingly obtain subsidies from the newly created Oil Facility Subsidy Account, Supplementary Financing Facility Subsidy Account and the Trust Fund.

Loans in the credit tranches and under the compensatory financing and buffer stock financing facilities are also available at periodic rates of charge that are concessionary when compared with market rates of interest.[1] Standby credits beyond 200 percent of quota and extended facility credits beyond 140 percent of quota can be obtained at periodic charges that are linked to the yield on certain U.S. government securities.[2] For SDR drawings a weighted average of treasury bill rates applies. For the typical IMF borrower these "market" rates of interest include a subsidy because they do not allow for the fact that he represents a higher risk.[3] The Fund has also terminated its practice of raising its periodic charges with the relative size of the loan.[4]

At first glance, the increase in IMF international liquidity and in subsidized lending to marginal borrowers which points toward leniency may seem to contradict the growing emphasis on stringent conditionality. However, the economic theory of bureaucracy would predict precisely this: a bureaucracy which wants to maximize its budget and its staff will always demand more money, more decision-making power and more subsidies for its product.[5]

With the advent of widespread floating, the Fund's justification of its own lending operations has shifted from the goal of exchange-rate maintenance to that of "facilitating balance of payments adjustment" and, most recently, to the prevention of debt crises and bank failures. This is where the interests of the Fund and of bankers meet. The politician faces an alliance of official and private "experts" who all tell him that more IMF international liquidity is needed. Not surprisingly, the potential borrowers in the less developed part of our world do not object to this view, and UNCTAD, the Brandt Commission and the other advocates of the less developed countries push it on every occasion. Is a debt crisis imminent?

Table 2 [not printed] shows that the external debt of the non-OPEC developing countries (excluding borrowing from the IMF) has been growing fairly steadily in real terms (using the U.S. GDP deflator). The compound average rate of change has been about 11 percent per annum, with a somewhat slower rate since 1979 but an estimated acceleration in 1982. Table 2 also shows that debt to the capital market and notably to banks has been growing faster than total debt in almost every year, and that its real rate of growth has accelerated in 1982. In that year, new international bond issues by the non-OPEC developing countries have been large by historical standards, but not relative to the size of the market. New gross Eurocurrency credits to non-OPEC developing countries have declined somewhat, but not relative to total Eurocurrency credits. The only significant change is reported by the Bank for International Settlements: in the first three quarters of 1982 the change in external claims of Eurobanks on non-OPEC developing coun-

[1] Gold (1979, p. 9); IMF Annual Report, 1982, p. 117.

[2] Gold (1979, p. 26).

[3] According to Gold (1979, p. 10), "the Fund has no power to levy different charges for the use of its resources under the same policy."

[4] Gold (1979, p. 10).

[5] Gold (1979, p. 10) states quite frankly that "the necessity to levy charges that meet the cost of borrowing (under the temporary Fund policies) is one reason why the Fund prefers quotas and subscriptions that are adequate to satisfy the needs of members."

tries at constant exchange rates has been only half as large as in 1979–81, but with the exception of the third quarter it has still been positive.

Apart from the size of external debt, or its rate of growth, various other indicators have been used to predict a debt crisis, notably debt/GNP ratios and debt service/export ratios. The relevance of these indicators is quite doubtful. Does an increase in any of these ratios signal that debt servicing has become more difficult, or, on the contrary, that the borrower is considered increasingly creditworthy by the lenders? The ultimate criterion of whether debt servicing has become more difficult or not is whether the borrower's rate of return exceeds the interest he has to pay. The answer to this question cannot be gained from inspection of some macroeconomic aggregates or relatives. It depends on the use of the funds.

Another method is to proceed by extrapolation. In the 1970s, external public debt had to be rescheduled in one to four cases each year. In 1981 and 1982, this number rose to 11 and 18, respectively (excluding Poland which is not a member of the IMF). If Wilson Schmidt was right that "countries always have the ability to pay debt service". (see page 1), either by raising taxes or by selling public property, these reschedulings indicate a liquidity problem but not a solvency problem.[6] It would also follow that they indicate an unwillingness, but not inability to repay.[7]

To reschedule is to invite demands for further rescheduling. This is the second point Wilson Schmidt was making. The argument can be extended. If the IMF steps in and extends subsidized loans to member countries that threaten to default (incidentally, few of them low-income developing countries), it encourages both further threats of default and further bank lending to borrowers which have proved to be not creditworthy. Like any no-fault insurance, the Fund is bound to generate an avoidable moral hazard. Since debt service obligations are not enforced for international public debt, the temptation to default or to threaten default is much larger for international public debtors than for domestic private debtors. Since the foreign creditors of governments will be correspondingly more impressed by such threats, it is all the more important that third parties, like the IMF, do not aggravate the moral hazard by rewarding demands for rescheduling.

Table 3 [not printed] shows that 18 of the 21 IMF member countries which rescheduled their debts in 1980–82 received new IMF credits under standby or extended arrangements during this period. Taking a longer view, Table 3 reveals that 30 out of (on average) 114 IMF members accounted for all cases of debt rescheduling (R) in 1960–82, and that 14 member countries accounted for more than 80 per cent of the (country) years for which debt was rescheduled (R+(R)). If debt rescheduling were necessitated by random accidents, such an outcome would be extremely improbable.[8] However, the outcome is consistent with Wilson Schmidt's hypothesis that rescheduling begets further rescheduling for the same debtors.

Even without rescheduling the prospect of cheap IMF lending is likely to generate moral hazard by reducing the incentive not to become needy; for it pays to pass the international means test regardless of whether the assistance is conditional or not.[9] Table 3 shows that 42 out of 114 countries account for 78 per cent of all years for which a member country received a standby or extended credit from the IMF (A+(A)). Once more, this is not the result we would expect if unfavorable random disturbances were the cause of the credit requests. It implies that the IMF has not achieved durable adjustment in the recipient countries.[10] Instead, the Fund has become a recurrent, in some cases an almost permanent, provider of aid. A number of developing countries have come to rely and depend on the Fund's cheap credits—the outcome predicted by the moral hazard hypothesis.

In view of these shortcomings and dangers of IMF lending, it seems appropriate to raise the more fundamental question whether IMF lending can be justified on welfare-theoretic grounds at all. As John Williamson noted in 1980, "unfortunately, there does not as yet exist any systematic, critical appraisal of Fund programs written from a middle-of-the-profession position" (p. 270). In the following, I shall assume that a middle-of-the-profession position is defined by Williamson's basic assumption that "the least-cost way of satisfying a budget constraint is to let the market decide how it is to be done, except where there are specific reasons for believing that there are divergences between private and social costs and benefits" (Williamson, forthcoming).

II. WHY IMF LENDING?

1. The Exchange-Rate Argument

Under the exchange rate system of Bretton Woods, IMF lending was supposed to be necessary to maintain par values through foreign exchange interventions. However, this argument did not remain unchallenged. It was pointed out that, even under a fixed exchange rate system, "the need for employing foreign-exchange reserves . . . may be reduced almost to zero if the central bank conducts its monetary policy with (sufficent) flexibility . . ." (Egon Sohmen, 1969, p. 219). After all, (non-sterilized) foreign exchange interventions are not the only instrument of monetary policy that can be used to attain exchange rate targets. Indeed, in comparison with open market operations, they have the important disadvantage of interfering with the money-supply policies of at least one foreign central bank. Since currency depreciation can always be avoided through a sufficiently restrictive (usually disinflationary) monetary policy, exchange crises are, from a technical point of view, always the fault of the country's monetary authorities. To extent subsidized loans to such monetary authorities for the purpose of exchange rate maintenance is both unnecessary and harmful because it creates severe moral hazard.

Those who do not consider the exchange-rate argument invalid at least are forced to conclude that the transition to widespread floating has reduced the need for IMF lending. As the London Economist wrote in 1976 (under the headline "Do we need an IMF?"), "the IMF did its best to resist the change to floating. Now that it has had to be accepted, why is the IMF still bent on credit creation?" (Jan. 17, 1976, p. 82).

To repeat, the most dramatic increase in IMF international liquidity creation occurred in the 1970s.

2. The Gradual Adjustment Argument

According to the Fund, "its concern should be with both the financing of temporary payments imbalances and the adjustment of unsustainable ones . . . in the medium term" (Annual Report, 1982, p. 73).

It suggests, therefore, that "the global demand for reserves may be expected to grow in some relationship—not necessarily a proportional one—to world trade and to countries' payments imbalances" (Annual Report, 1982, p. 71).

The underlying assumptions are that

—"payments imbalances" are often the result of real disturbances in the goods market which are not caused by the economic policies of the borrowing government, and that

—gradual adjustment to such real disturbances is often more efficient than shock treatment.

Both assumptions will be accepted for the sake of argument.[11] However, there remain two crucial questions.

In the first place, it is not possible to use the size of current account deficits as a yardstick of the need for international liquidity. As has been mentioned, large net capital imports should signal a high marginal productivity of capital and, consequently, a high degree of creditworthiness for the recipient country. Whether a current account deficit is sustainable or not cannot be determined by looking at its absolute or relative size. Since current account deficits depend on the extent of IMF lending, they are not even exogenous to what they are supposed to determine. If the Fund's criterion were accepted, the IMF could demonstrate an increased demand for international liquidity by increasing its supply of subsidized loans. IMF lending cannot be the cause of a need for it.

Second and more important, the question has to be asked why countries that have been hit by unfavorable real disturbances should not finance temporary deficits or spread real adjustment by borrowing in the international capital market. As Sohmen has pointed out, "a country can thus gain access to voluntarily supplied private funds

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[6] For the view that "few of the developing country debt crises have involved solvency crises" see also Aliber (1980, p. 13).

[7] If this conclusion is not accepted, the following consideration applies: "Persistent inability to service external debt implies that the capital has been used wastefully, as otherwise incomes in the recipient countries would have increased by more than the cost of capital." (Peter Bauer, 1974).

[8] The significance level could be determined with a Chi-Square test for the equality of multinomial distributions.

[9] In contrast, Williamson (1980, p. 274) claims that "The Fund's conditions no doubt should be, and are, tough enough to avoid the problem of moral hazard."

[10] The opposite impression is generated by Donovan (1982). However, his study merely demonstrates that during the period of IMF assistance the recipient countries attained a larger reduction of their current account deficits, their inflation rates and their consumption relative to GDP than the other non-oil developing countries. Since the recipient countries were in deep trouble, they would probably have put more emphasis on corrective policies even if they had not received IMF loans conditional on such policies.

[11] However, even leading Fund Officials admit that "the issue, usually referred to as the choice between a 'shock' versus a 'gradual' approach to the adjustment process has not been conclusively resolved . . . because it is not at all obvious that a gradual adjustment is preferable to a rapid one in all circumstances" (Gold, 1979, p. 39). John Williamson believes that "the Fund has (at least up to now) been overdisposed toward shock treatment" (1980, p. 274). This is also the view of the Brandt Commission (1980, p. 216). By contrast, the Group of Thirty regrets that "the oil facility had even slowed down adjustment in the sense that it made money too easily available" (1981, p. 39).

without any need for 'international liquidity' . . . One major advantage of (this method) is that every country . . . would borrow funds at the opportunity cost of lending in the rest of the world . . ." (1969, p. 221).

Another advantage would be that such borrowing, unlike borrowing from the IMF, would not entail money creation in the capital exporting country.

The Brandt Commission (1980, pp. 212 f.) rejects the view that the market can play a key role in financing deficits. It gives four reasons:

—Private financing "is very imperfectly subject to international monitoring let alone control, and is easily affected by crises of confidence";

—"It is not easily accessible to the poorer developing countries";

—"It tends, because of its terms, to exacerbate the problem of servicing and refinancing debt";

—"There are growing doubts as to the continuing availability of adequate private bank financing in the future".

Similarly, Fred Bergsten (1981, p. 29) asserts that "we cannot rely exclusively on private markets. Some borrowers will face serious constraints on their access to private markets, and we must assure that official financing is available in adequate amounts to support required adjustment programs and maintain financial stability while adjustment is taking place."

Finally, Robert Heller (1980, p. 268) proposes a division of labor between the Fund and private lenders: "The important distinction between the banks and the IMF is that while countries are likely to rely on commercial bank financing on a continuing basis, their use for IMF resources is likely to be temporary."

The objections advanced by the Brandt Commission are inconsistent with Williamson's middle-of-the-profession assumption that, as a rule, "the least-cost way of satisfying a budget constraint is to let the market decide how it is to be done". For the Brandt Commission, the market is inherently inferior to government action; it is unstable and in need of control by governments. Both the Brandt Commission and Bergsten start from a self-defined target for international lending to developing countries, the target being: much more than now. They reject the market solution because they do not expect it to yield their predetermined preferred result. They are unwilling to use the market as a search process. They are unwilling to let individuals decide. No welfare-theoretic reason is given for the assumption of market failure or for a division of labor between markets and governments in this field.

3. The Insurance Argument

According to Williamson, the Fund "provides insurance against a class of risks which would not seem well suited to a private market" (1980, p. 273).

According to Cline (1982, p. 144), international risk sharing should be extended to increases in debt servicing needs that are caused by interest rate fluctuations.

A special case of the insurance argument is the widespread view that the IMF acts a lender of last resort and is needed to prevent the international banking system from collapsing.[12]

There is no reason for a country to go to the IMF if it can borrow on equal or better terms in the market. Thus, in order to be able to lend, the IMF has to subsidize its loans.[13] In the extreme case, the Fund lends to countries which the market does not consider creditworthy. It issures member governments against the market's judgement.

One way of trying to justify such a system is to consider the subisdy part of IMF loans as the only relevent insurance benefit. However, in an insurance, contributions would differ according to risk. As Table 3 has shown, the frequency of borrowing (standby and extended) differs considerably among IMF member countries. IMF lending is not an actuarily fair insurance. It is biased in favor of the main borrowers (mostly developing countries). It provides a net subsidy to them. This net subsidy is a form of program aid. Would the recipients of the net sudsidy also chose to insure with the IMF if they could use this aid as they liked (or for any of a number of different programs approved by the donor countries)? Does IMF lending create a needless distortion of the recipients' preferences?

The IMF is not a lender of last resort. Very often countries lend from the Fund without having exhausted their borrowing capacity in the international capital market. To the extent that the Fund offers subsidized loans, one should expect that it acts as a lender of first resort.[14]

Does the world need a lender of last resort to prevent the international banking system from collapsing? Peter Kenen, an advocate of debt rescheduling, has argued that "defaults by developing countries, even if widespread, would not seriously threaten the stability of the international financial system, loose talk to that effect not withstanding. Some banks and other private lenders would be hurt. A few might be wounded mortally. But there is little justification for the fear thet defaults could wreck the Eurocurrency market or would do grave damage to national financial system" (1977, p. 54).

The Group of Thirty (1982a, p. 42) reports the results of an opinion poll among 111 international banker: 56 per cent disagreed with the view that "there is a need for a supranational organisation (e.g., IMF, BIS or a new institution) to assume the role of lender of last resort for the international banking system". Only 39 per cent agreed. The reason is that the national monetary authorities are expected to act as lenders of last resort for the commerical banks in their jurisdiction and for the latters' foreign affiliates.

There is a widespread fear that the Great Depression could repeat itself, and that bank failures would be the trigger. However, bank failures do not lead to depression if the monetary authorities prevent the money supply from being affected. To prevent a depression it is not necessary to prevent default by augmenting the IMF's lending potential. What is necessary is an announcement by the national monetary authorities that, in case of bank failures, the monetary base will be increased (say, through open market operations) so as to stabilize monetary expansion. The Fed's failure to maintain the U.S. money supply in the face of a banking crisis was the cause of the Great Depression.[15]

4. The Externality Argument

It is sometimes argued that subsidized credits for balance of payments financing, or specifically for debt service financing, are needed to prevent the recipient countries from adopting protectionist measures, restrictions of convertibility, or other beggar-thy-neighbor policies. According to a Keynesian variant of this argument, IMF leading is also a welcome instrument of maintaining the developing countries' demand for imports from the industrialised countries. The general idea is that the recipient countries must be bribed so that they do not impose negative externalities on the donor countries.

An institution that tries to buy international "social peace" by giving in to blackmail on a permanent basis behaves in a myopic way because it encourages further threats and ultimately aggravates international discord. Strategic behavior requires resistence to repetitive blackmail—the more so as restrictions of international transactions would harm the threatening countries as well. That the level of aggregate demand in the donor countries can be raised by spending public money[16] abroad rather than at home cannot even be shown in a Keynesian framework as long as the domestic sector of the donor countries suffer from excess capacity as well.

5. The Conditionality Argument

According to a widely accepted view, the IMF ought to extend subsidized loans to its members to induce them to adopt the required adjustment policies. The subsidies serve not only as a bait; they are also supposed to be justified by the fact that the acceptance of the policy conditions reduces lending risk both for the Fund and for private lenders. However, it is still difficult to see why the Fund should lend at a lower interest rate than private lenders—given the agreement on the adjustment measures to be taken.

The conditionality argument immediately raises the question why countries are supposed to face an insufficient incentive to adopt the necessary policies on their own. After all, the extent to which, and the terms on which, a country can borrow in the market will crucially depend on the policies which it is expected to follow. As Irving Friedman (1981, p. 241) has put it, "private bank 'conditionality' is unavoidable". The question has been answered in several ways.

A. The Superior Information Argument

Most observers seem to believe that the Fund knows better than private lenders whether a country is creditworthy. IMF officials like to report the fear that bank lending may be available too easily so that adjustment is postponed.[17] It is doubtful whether this view is correct. If it is true that creditworthiness depends on specific rates of return (and willingness to repay) rather than merely on the set of broad macroeconomic variables that figure prominently in the Fund's adjustment programs,

[12] See, for example, Neu (1979, p. 242); Gold (1979, p. 38); Group of Thirty (1982a, p. 42; 1982b, pp. 26 f.).

[13] This is not denied by Williamson (1980, p. 273).

[14] This is also the view of Neu (1979, p. 246).

[15] See the classic by Friedman, Schwartz (1963, Ch. 7).

[16] In the case of liquidity creation through IMF drawings the donor countries give up part of their seigniorage. To finance their expenditure, the governments of the donor countries have to raise taxes (thus reducing the supply of savings) and/or borrow more in the capital market. In both ways, they crowd out private lending—also lending to the developing countries.

[17] See, e.g., Witteveen (1976, pp. 253 f.) Gold (1979, p. 39), IMF (1981, p. 39). Not surprisingly, bankers like Friedman (1981, p. 250) do not share this fear.

bankers—not (macro-)economists—are likely to be at a comparative advantage. Moreover, there are reasons to criticize some of the typical IMF policy conditions, notably the emphasis on devaluation (which is bound to aggravate inflation) [18] and the recommendation of coercive incomes policies.

The Fund is probably at an advantage to the extent that it possesses confidential information. However, this raises the obvious question why the Fund does not disclose all information that is relevant for the evaluation of creditworthiness.[19] To say that the member countries would not agree is no answer. After all, knowledge is generally recognized as a public good.

The public good aspect rules out the withholding of information by governmental bureaucracies, but it does not necessarily justify the collection, analysis and dissemination of such information. As is witnessed by the foundation of the new Institute of International Finance in Washington, the collection of information can be efficiently arranged by private voluntary associations if the number of beneficiaries is small. Fratianni and Pattison (1982) have even suggested that international economic organisations are unlikely to provide reliable forecasts about the effects of the policies of their member countries:

"Why do governments purchase these forecasts? We venture one hypothesis. Each country has a say in what the forecast is concerning the country's performance. These forecasts need not be good in a statistical sense, but may be useful politically. A policymaker may desire public release of false or misleading information in order to pursue certain stabilisation policies despite the fact that private economic agents may efficiently assess all of the information available in the market" (p. 259).

Nevertheless, assume for the sake of argument that the Fund possesses superior information, or at least that private lenders believe this. Does it follow that the IMF should extend subsidized loans to some of its members? Would it not be sufficient for the Fund to act as a (paid?) agent of private lenders in providing information about the required adjustment policies? [20] Why IMF lending?

Williamson (1980) believes that the IMF should lend to enhance the credibility of the information it provides: "There do . . . seem to be some advantages in a position to put up a fair bit of money directly, rather than simply giving a seal of approval that, with luck, will induce the private market to resume lending" (p. 274).

An analogous argument is sometimes made in favor of foreign-exchange intervention. It is logically impeccable but dangerous in practice. How much public money is a government permitted to spend or commit in order to persuade the public of its views? Is government propaganda good economics?

Moreover, the same degree of credibility could be attained with much smaller amounts—if the Fund were not committing the money of taxpayers in the creditor countries but part of the salary of those IMF officials who confer the "seal of approval."

B. The Coherence Argument

According to Williamson (1980, p. 274), "commercial banks are not well suited to fulfill the role of negotiating necessary policy changes with sovereign governments . . . partly because optimal competitive strategies for individual banks may not add up to coherent pressure for rational policies . . ."

The incoherence problem is well known from multilateral debt reschedulings. An individual creditor does not want to concede grace periods or commit additional funds unless the debtor promises not to use the resulting leeway to repay other creditors. However, this problem has often been solved: the creditors either combine in consortia ("clubs"), or individual creditors make their offers conditional upon the conclusion of similar contracts with other creditors. [21] It is conceivable that the creditors could ask the Fund to act as their coordinating agent in such negotiations. But this does not mean that the Fund itself ought to lend.

C. The Enforcement Argument

The IMF is probably in a better position to enforce policy conditions attached to international loans and, indeed, to enforce repayment itself. This is because the IMF, as an intergovernmental organization, can impose sanctions that are not at the disposal of private banks. However, to argue that, for this reason, the IMF should co-finance all stabilization loans is like suggesting that to enforce private domestic contracts the government of the country ought to be a party to each of them. The IMF is well advised to use its sanctions to enforce international loan contracts but it need not lend.

D. The Bogeyman Argument

It is frequently argued that the IMF should offer stabilisation loans because it is the ideal bogeyman to be blamed for unpopular policy changes. Politicians and voters in the borrowing countries would not be willing to accept policy conditions from private bankers ("the gnomes of Zurich") or even from particular foreign governments. Only "an international body with no direct interests other than maintaining order in the international financial system" (Neu) can "apply policies of conditionality without giving intolerable offense to its members" (Gold) and "without a dangerous fanning of nationalistic flames" (Williamson).[22]

It is on an open question whether aid should be given so as to minimize the humiliation for the recipient, thus weakening the incentive for self held ("the Samaritan's dilemma"). With regard to commercial lending, the situation is different. The lenders will pay attention to the borrower's susceptibilities if they can gain money by doing so. If the borrower prefers policy conditions formulated by the IMF, lenders are likely to entrust the Fund with this task. Once more, it does not follow that the Fund should lend.

6. The Argument From Capital-Market Imperfection

Finally, according to an altogether different argument, the case for IMF lending may be based on the assumption of capital market imperfection. Capital markets are said to be inefficient because lenders charge a higher interest rate (or are unwilling to lend) if the borrower cannot offer adequate collateral. This is, for example, why the provision or guarantee of student loans is usually considered a proper task of government. However if Wilson Schmidt and Robert Aliber were right that IMF debtors do not suffer from insolvency, the argument is not relevant.

[18] It is also paradoxical in view of the Fund's long-standing preference for fixed exchange rates.

[19] Suggestions that the Fund should make more of its information available to private banks have come from Michael Blumenthal, Arthur Burns, Robert Heller, Henry Wallich and many bankers.

[20] There are several instances in which private banks made their loans conditional on prior acceptance of an IMF stabilisation program (see, e.g., Friedman, 1981, pp. 250–254, and Group of Thirty, 1982b, pp. 54 ff.). The Group of Thirty favors this practice (p. 15) but reports that bankers do not regard the borrower's acceptance of an IMF program as a "decisive influence on their decision" (1981, p. 41). The bank loans to Peru in 1976 are usually cited as a proof that banks cannot formulate and monitor a stabilisation program on their own (e.g., O'Brien, 1982, p. 139). However, many of the Fund's standby or extended arrangements have had to be interrupted as well.

[21] See, for example, Friedman (1981, pp. 257, 261, 263).

[22] Neu (1979, p. 240), Gold (1979, p. 20), Williamson (1980, p. 274).

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DISCLOSURE OF HEALTH AND SAFETY DATA

● Mr. STAFFORD. Mr. President, during the last Congress the Senate Committee on Agriculture reported several proposed amendments to the Federal Insecticide, Fungicide, and Rodenticide Act, some of which I opposed.

One of the amendments which I considered unsound was a proposal to prohibit the disclosure of health and safety data used to register a pesticide to foreign nationals or to any person who would remove the data from the United States. It seemed to me that such data should be available to any person who might be endangered by the pesticide. Therefore, I introduced an amendment to strike the committee proposal and retain existing law.

Over the years, I have grown accustomed to mail opposing or supporting proposals with which I am associated. But I must say it was with considerable surprise that I received a letter from afar concerning the disclosure of health and safety data. This illustrates, Mr. President, that what we do here affects not only our own citizens but those thousands of miles from this country. It also reflects the deep concern which others have over the outcome of this debate.

Mr. President, I ask that this letter be printed in the RECORD.

The letter follows:

CENTRAL LABORATORY,
M.P. PRADUSHAN NIWARAN MANDAL,
Bhopal, January 22, 1983.

Shri Senator ROBERT T. STAFFORD,
U.S. Senate,
Washington, D.C., U.S.A.

DEAR STAFFORD, We are concerned about the Senate proposal in Senate Bill 2620 that foreign nationals not be permitted to have access to the laboratory safety data that the EPA is using to justify that pesticides sold in the U.S.A. and abroad are relatively safe to use.

Health and environmental information relating to the safety of a pesticide product should be available to consumers using the products regardless of where they are sold.

I wish, you will put your sincere efforts in this respect for a better global environment.

Thanking you,

Yours faithfully,

DR. B. J. PRASAD,
Scientist, Central Laboratory.●

SOVIET CHEATING

● Mr. EAST. Mr. President, at a time when many well-meaning Americans call for our Government to halt the nuclear arms race, we must not forget that the Soviet Union during the past decade has spent for military forces at least $500 billion more than the United States and that Russia has engaged in the most massive arms buildup in history while the United States has for 15 years done virtually nothing to improve its aging strategic systems. Unfortunately, too, the rulers of the Soviet Union feel no moral obligation to abide by any agreement they enter. Repeated Soviet cheating on arms control agreements cannot be ignored.

I ask that an alarming article by Rowland Evans and Robert Novak entitled "Soviet Cheating," which appeared in the March 16, 1983, Washington Post be printed in the RECORD.

The article follows:

SOVIET CHEATING

(By Rowland Evans and Robert Novak)

Convinced that the latest Soviet missile test was an out-and-out violation of the SALT II treaty, middle-level administration officials agreed behind closed doors that President Reagan should break precedent and take the violation directly and publicly to the Kremlin. If Secretary of State George Shultz and Defense Secretary Caspar Weinberger go along, this tough decision would be posed for Reagan: whether to junk cumbersome verification procedures that always have thwarted the United States in the past and, instead challenge the Soviet Union publicly to prove that it did not in fact violate SALT II. If he accepts that recommendation, Reagan would in effect only be completing the thought he uttered Feb. 23, when he told reporters that the Feb. 8 Soviet missile test "comes the closest to indicating that it is a violation."

Ever since the first SALT treaty, in 1971, any suspected violation has simply been handed over to a U.S.-Soviet commission for investigation. "That consigns the issue to months and months of futile palaver," one high administration official told us. The Feb. 8 test of a "new" intercontinental missile, he said, is "too serious for routine handling."

Gathered at the extraordinary March 8 session were officials just under the top level from the National Security Council, State Department, Pentagon, Central Intelligence Agency and Arms Control and Disarmament Agency (ACDA). The meeting was co-chaired by Adm. Jonathan Howe, head of the State Department's Political-Military Bureau, and Assistant Secretary of Defense Richard Perle.

Howe first suggested that—despite strong evidence presented by the CIA that the Soviet test was an outright violation of SALT II—the United States should take its case to the U.S.-Soviet commission as usual. Disagreement came from Dr. Manfred Eimer, confirmed by the Senate only the day before as chief of ACDA's Verification and Intelligence Division. He argued that the strength of the evidence and the peril to the nuclear balance of continuing Soviet testing required an immediate response. Indeed, Eimer argued that the Feb. 8 test, together with an earlier Soviet test firing last October, raised the strong possibility of "multiple" violations. But while it might be hard to prove the "multiple" charge, he said, there was irrefutable evidence of at least a single violation.

The exact violation in last month's test is still a closely held secret, but it concerns the SALT II ban on more than a single "new" intercontinental missile; the Soviets appear to have tested two "new" missiles—the first in October, the second last month.

If true, that points to runaway Soviet gains in the profoundly important intercontinental missile competition while the United States scrupulously adheres to the unratified SALT II ban. The middle-level officials who want the president to take the Feb. 8 test to the Soviets frontally—and, if necessary, publicly—concluded that the United States cannot continue taking such awesome risks. It is now up to Ronald Reagan to reach a similar conclusion.●

IN RECOGNITION OF SCHOOL IMPROVEMENT

● Mr. HEINZ. Mr. President, over the past few years, critics have been too quick to malign our Nation's public school system. We have, during that time demanded that our schools do better, that our teachers teach better and that our students achieve more. In Government, we have chastized those who work in education for not having produced better results with the Federal funds we send to our schools.

Yet, we have ignored signs indicating marked improvements in elementary and secondary education. Positive strides have been made through the work of professional educators and their associations, such as the International Reading Association. For example, reading comprehensive scores have risen dramatically and the gap between white and black students, and urban and rural students, has been reduced as well. While more work is needed, we must recognize the efforts of those who have worked to produce educational gains.

In recognition of the hard work done by this Nation's educators to better prepare our children for the chal-

lenges posed by the future, I would like inserted in the RECORD this article, "Schools' Improvement Goes Unrewarded" by Fred M. Hechinger of the New York Times of December 28, 1982. It should serve as an inspiration to all who are responsible for the monumental strides being made in the quality of public school education.

The article follows:

SCHOOL'S IMPROVEMENT GOES UNREWARDED

(By Fred M. Hechinger)

The indicators of the public school's academic achievement have risen dramatically in 1982, but the public still thinks the public schools are failing. The year about to end may well have been the schools' most successful in several decades, but at the same time, they face severe cutbacks in financial support from all sources—local, state and Federal.

The colleges, which have doubled their enrollments in the last 15 years and opened the doors to greater numbers of women and minorities than in any previous period, are reporting the first signs of economic barriers that may block the way to deserving but indigent candidates.

Such contradictory trends alarm many observers who, in recent years, have been exhorting the schools to toughen their standards and promising that such self-improvement would insure strong new public support. It now appears that even though the schools in many places have kept their side of the bargain, the rewards are lagging. In New York City, for example, fiscal austerity threatens to hit schools harder than other public services. In higher education nationwide, the elite colleges recently reported a reduction by more than a third in the number of students from low-income families in the last two years.

Harold L. Hodgkinson, a widely respected educational researcher, has published a list of impressive gains in educational quality in the December issue of the Phi Delta Kappan, a journal of education. He describes the 1970's as a period of "deep depression" in the people's faith in public institutions, but hopes the schools' improved performance will rebuild public confidence in them.

Mr. Hodgkinson, now a senior fellow at the Institute for Educational Leadership, was director of the National Institute of Education in the Ford Administration. His assessment of the schools' recent success points to the following indicators:

Since 1980, students' reading scores have showed significant increases in Atlanta, Boston, Chicago, Houston, Minneapolis, New Orleans, Newark, Philadelphia, New York City and other places. Other standardized tests also show that current elementary school children do better than their counterparts who were similarly tested in 1960.

Gaps in performance between blacks and whites, between formerly lower-achieving pupils in the Southwest and the East and West Coasts, and between rural and urban youngsters have narrowed considerably.

In 1970, only 58,000 high school students took advanced placement tests to show they have completed college-level work; in 1981, the number had more than doubled to 134,000.

Project Headstart, President Johnson's effort to give preschool children from poor homes the educational and psychological advantages routinely enjoyed by middle-class youngsters, has produced measurable results. The first Headstart group is now of high-school age, and a comparison with a control group of non-Headstart youngsters with comparable backgrounds shows significant differences. Headstart graduates who are now high school sophomores score one grade level higher in reading and mathematics. Only 19 percent of the Headstart group are in classes for slow learners, compared with 39 percent in the non-Headstart group. The $6,000 per child invested in Headstart, Mr. Hodgkinson says, may be saving $15,000 per child in subsequent remedial services.

Last year, the eight-member American team of high school students placed first among teams from 27 nations competing in the 22d international Mathematics Olympiad.

While there's no simple answer why the public schools have registered substantial improvements, experts cite a number of contributing factors. Outspoken and well-documented criticism of lagging efforts and low achievements put the schools and teachers on notice that more was expected of them. Stress on the basic skills became fashionable again at the very time when new research in the teaching of reading, writing and mathematics made it possible to teach more effectively.

"Rediscovery of the importance of strong leadership led to the appointment of able superintendents and principals. Many teachers worked harder at improving their skills by volunteering for attendance in after-school teacher centers, many of them originally subsidized by the government. Parents and community leaders concentrated on the improvement of school discipline and attendance. The ideological rhetoric that used to downgrade academic standards and requirements has given way to concern over educational performance. Many pupils, worried about their future at a time of recession, are giving their studies a higher priority.

"In view of such measurable progress, many observers are dismayed over the slow and often still hostile response from the public, and particularly from government at all levels, to the schools' needs. The elimination of many specific Federal aid programs originally earmarked to improve the education of disadvantaged youngsters, and the submersion of such dollars into the grab bag of general aid or block grants, is seen not only as a retreat from equal opportunity but as a new threat to educational quality.

"No real solutions have been found to the critical shortage of mathematics and science teachers as business and industry gobble up the available talent at higher salaries. Mr. Hodgkinson sees hope in a renewed interest shown by industry in support of the public schools, and there have indeed been some favorable signs, as in the more than 200 adopt-a-school programs in which corporations provide financial and personnel aid.

"Still, the chances are slim that recent gains can be maintained and built into a long-term educational revival, or that access to higher education can remain open without regard to economic status, unless public and legislative attitudes catch up with the new and promising educational realities before the gains are eroded and the system goes into full-scale retreat."●

THE NEED FOR PRIVATE INDUSTRY RESEARCH CONSORTIA

● Mr. CHAFEE. Mr. President, there is a growing concern that the United States is not devoting sufficient resources to basic research in microelectronics. The concern is warranted, according to industry experts.

An article in the Electronic News of February 28 quoted Mr. George E. Pake, group vice president of the Xerox Research Center who criticized basically weak university-level semiconductor processing and computer system architecture and software programs. He noted that our universities "produce only about 200 computer science Ph.D's annually—about the number just one major corporation recently stated it needs to hire each year."

U.S. technological leadership depends on vigorous research and development by corporations, universities, and Government. Hearings in the Finance Committee's Subcommittee on Pensions, Savings and Investment Policy, which I chaired in January, demonstrated to me that this leadership is being threatened, and that creative, perhaps unorthodox steps should be taken.

One of these creative efforts is the Microelectronics & Computer Technology Corporation (MCC) which has recently been formed by 11 companies, led by Control Data Corp., with an initial blessing from the Justice Department.

The success of MCC will depend on able leadership, but it will also require that Congress clarify the antitrust laws to open the way for an aggressive program of joint research.

The leadership of MCC, I am pleased to say, is in good hands, having been entrusted to former retired Adm. B. R. Inman, with whom many of us in the Senate and House have had the pleasure of working in his capacity as Deputy Director of the Central Intelligence Agency. But now Congress must do its part to clear the way for the success of this private sector initiative. This would be accomplished by passage of S. 737, introduced by Senator MATHIAS and several other Senators, including myself, on March 9. The bill would simply establish a set of guidelines or rules relating to joint R&D ventures which, if followed, would provide a prima facie protection from challenge on antitrust grounds.

Passage of S. 737 would also encourage more companies to join MCC, and spur the promotion of more such consortia. Articles such as that in Electronic News to which I have referred demonstrate the need. Congress should promptly respond to that need.

I ask that the article referred to be printed in the RECORD.

The article follows:

[From the Electronic News, Feb. 28, 1983]

PRESS FOR CAMPUS, INDUSTRY R&D HIKE AS JAPAN ISSCC PAPERS SOAR

(By Richard Bambrick)

NEW YORK.—A call for immediate action to step up basic microelectronics research at the academic and company level by the keynoter of the International Solid State Circuits Conference was given an air of urgency last week as the number of Japanese papers read at the annual semiconductor forum approached parity for the first time with those from U.S. companies.

Speaking to a packed auditorium of research and development semiconductor engineers, Xerox Research Center group vice-president George E. Pake termed "basically weak" university-level semiconductor processing and computer system architecture and software programs. "They lack the expensive modern equipment and are short on trained faculty," he said.

Dr. Pake's criticism comes at a time when fledgling cooperative R&D ventures such as the Semiconductor Research Cooperative (SRC) and the Microelectronics & Computer Technology Corp. (MCC) are being cast as last-ditch hopes for the U.S. semiconductor industry to compete with the concentrated MITI-sponsored Japanese development programs which spawned 41 of the 97 papers at the ISSCC, including five of six at the 256K dynamic RAM session.

As U.S. universities are faced with a broad obsolescence of engineering instrumentation, few are attempting to put processing capabilities into place, said Dr. Pake. At the same time, engineering faculties remain understaffed as the diminishing number of trained engineers seek industrial salaries.

"The shortage of trained people bids up industrial salaries at a time when university resources have been seriously eroded by inflation. Our universities produce only about 200 computer science Ph.D.'s annually—about the number just one major corporation recently stated it needs to hire each year," Dr. Pake said.

The problem is bing addressed currently on several levels, explained the Xerox research executive, including the creation of industry-university joint research programs; industrial consortia to support university research, such as the RC; and a multicompany research venture, the MCC.

The MCC, Dr. Pake said, "can add to the knowledge and technology base, at least for the member companies that own and operate MCC."

Dr. Pake's keynote presentation came as a prelude to a central panel discussion later in the evening on joint R&D programs which he chaired, and which included Undersecretary of Defense for R&D Richard DeLauer, IBM vice-president for technical personnel development Erich Bloch, Control Data Corp. executive vice-president for technology and planning Jack Lacey; Intel chairman Gordon Moore, Advanced Micro Devices chairman Jerry Sanders, and Jim Meindl, electrical engineering director for Stanford University's Stanford Electronics Lab.

INDUSTRY PROPELLANT

In a prepared introduction of the panel members, and of the programs to be discussed, Dr. Pake said "It is hoped that these major steps will provide the industry propellant necessary to insure U.S. leadership in the international electronics and computer marketplace. The time it will take for the efforts to be felt is a key factor. Success may also involve newer and more effective programs for R&D, such as changes in workforce attitudes, increased savings to provide capital, lower inflation, and other economic forces."

Although the panel members were unanimous in recognizing a need for joint R&D to maintain a competitive edge over Japanese and European companies, there is nonetheless a noted reluctance to open up proprietary laboratory development programs to competitors where a manufacturable product is involved.

"Participation in joint R&D may be good for your country, but it may not necessarily be good for your company," said Intel chairman Gordon Moore.

Dr. Moore said that although joint R&D efforts sound attractive in eliminating duplication and inefficiency, a company must be careful not to depend upon such efforts. "It has been demonstrated repeatedly in the U.S. and Europe that the incorporation of excellent R&D work into products, even within a single company, is far from automatic.

"I think we're naive in thinking that the sponsors will get much benefit out of the cooperative R&D ventures," Dr. Moore said.

SORELY LACKING

Nonetheless, Dr. Moore acknowledged that the research laboratory activity that prevailed at every company in the early days of the semiconductor industry is sorely lacking now. "Many of those (early labs) have atrophied, and relatively few new ones have been added," he said.

Intel is participating in the SRC program but, although invited, the company has made no commitment to MCC. Dr. Moore last week said neither he nor Intel vice-chairman Bob Noyce were available to participate in the MCC inaugural last year. Since that time, however, Intel has made no move to join the combine.

Another MCC hold-out has been IBM, which, like Intel, is a member of SRC supporting industry-university research. Sharing information with competitors is a different matter, however, although IBM vice-president Erich Bloch noted last week "Cooperative R&D is a concept whose time has come.

"You have to be selective," Mr. Bloch said about deciding which programs to back. Although IBM supports the SRC, Mr. Bloch said of the MCC "We didn't think we had the wherewithal to join both . . . We can't belong to everything."

When it was pointed out that a company such as Advanced Micro Devices, with considerably less wherewithal than IBM, is a sponsor of both programs, Mr. Bloch said simply, "That's a decision that every company has had to make."

Ironically, a major fear of large companies in joint R&D participation was captured—albeit, as a quip—by AMD chairman Jerry Sanders, who remarked "In the early days of my company, we were prepared to share everybodys' research . . . The problem was, they weren't very cooperative."

Mr. Sanders noted, however, the company has since expended considerable resources in development projects. Despite this, AMD and its domestic competitors cannot support the necessary R&D individually.

"No U.S. company can outspend the concentrated efforts of the Japanese companies," the AMD chairman said,

Exacerbating the current situation of R&D shortfall, Mr. Sanders claimed, has been the reported strategy of Japanese companies to target certain market segments, undermining profit margins in those key segments, thereby inhibiting the income of U.S. semiconductor companies.

"The situation is compelling companies to undertake fewer R&D projects, with shorter pay-back periods," Mr. Sanders said.

A serious example of such undetermining was brought to the fore by Undersecretary DeLauer, who remarked, "Jerry's company (AMD) is in the 64K RAM business; well, get the hell out of it. Nippon Electric has just advertised it is going to sell 64K dynamic RAMs for $2.50 in 1985, and $3 next year."

The information, he said, came across his desk in a confidential weekly government report, and that it pertains to sales "not to the U.S., but to the Soviet Union."

The Department of Defense is an ardent supporter of joint industry-university research and development, Mr. DeLauer said, claiming that support is evidenced in VHSIC funding and the recent creation of the so-called "Nth generation system program."

Nonetheless, Mr. DeLauer said last Wednesday he had spent much of that morning trying to justify additional VHSIC spending to a Congressional budget committee. He did not say if a decision on increased spending had been made.

Meanwhile, Mr. DeLauer said the Defense Department is supporting MCC. "We're going to try to set it up so the Department of Defense can indeed provide funding for MCC," he said.

Control Data Corp.'s Mr. Lacey, whose company inaugurated MCC, said the joint effort is necessary because at present the microelectronics and computer industries are suffering from needless R&D effort duplication. "For every corporation to rediscover what others have already learned represents waste of the most pernicious sort," he said.

Finally, the academic community was represented on the ISSCC panel by Stanford Electonics Lab's Mr. Meindl, who said that while the universities have long played a research role, there is little development at the academic level. Nonetheless, he said the potential of added financial support from industry is promising.

"Financial and technical support of these laboratories at unprecedented levels by several cooperating corporations is a promising recent development," Mr. Meindl said.●

THE RETIREMENT OF LEONARD PANAGGIO

● Mr. PELL. Mr. President, Rhode Island recently lost the services through retirement of Leonard Panaggio, a particularly wonderful booster, supporter, and amateur historian.

Leonard Panaggio and I are the same age and have known each other for many years and in this course of this time I have had an opportunity to see all the good he has done for his State and his native city of Newport. His industriousness and conscentiousness were of immense help to our whole community.

I am sad to see him retire, but he certainly deserves as many wonderful years as possible in our community to which he has contributed so much.

In this regard, I ask that the article from the Providence Sunday Journal

dated March 20, 1983, be printed in the RECORD.

The article follows:

RHODE ISLAND'S CHIEF BOOSTER TO STEP DOWN

(By S. Robert Chiappinelli)

PROVIDENCE.—When the Arab oil embargo of 1973 lengthened gas lines and shortened vacations, Leonard J. Pannaggio, state director of tourist promotion, countered with an advertisement that boasted: "Rhode Island—Four gallons long. Three gallons wide."

That upbeat approach was typical of Panaggio, who combines a belief in people's abiding desire to vacation with a love for his native state.

Panaggio is 64. His dark hair is thinning and graying, but his laughter still billows like the spinnaker of an America's Cup yacht. Tomorrow he will glide out of the poster-perfect world of sailboats and sunsets, shorelines and seagulls he has known for the last 31 years.

"I'm resigned that nobody's going to beat a path to my door," Panaggio said of retirement. "Once you're gone, you're gone."

As a boy Panaggio delivered papers to Navy ships docked in Newport and hung around the historical society and the old Newport Herald newspaper. As a man, he explores Rhode Island on leisurely Sundays, searching out the byways and backwaters of the tiny state he trumpets around the nation.

Panaggio started his own weekly newspaper in high school. He printed the Portsmouth Gazette and the Middletown News in a freezing rented room and still remembers the sound of the ink cracking on the roller.

After World War II service he began the Newport Topic, a weekly newspaper he sold after 17 weeks. Then he moved into tourist promotion, first with the fledgling Old Sturbridge Village in 1948 and then in 1952 with the Rhode Island Development Council—now the state Department of Economic Development.

Panaggio was told then that only 55 percent of the state's hotel rooms had showers or baths or both, and that if you excluded the Biltmore's 500 rooms the percentage dropped to 35. The only hotel in Warwick was the former Buttonwoods Inn. Now room capacity in Warwick is more than 1,200. There were 25 Rhode Island golf courses then; there are 49 now.

He sent a release to out-of-state newspapers that first year. One returned it with a note: "You are a July-August area. Not interested in this."

"That's when we came up with the idea of Rhode Island Heritage Month," Panaggio said of the month that features May breakfasts, Rhode Island Independence Day and Memorial Day events.

He also concentrated on late summer and fall fishing tournaments. The Atlantic Tuna Tournament began in Galilee in 1953 and became a big attraction for many years.

Other things fell into place.

Chain hotels began building here in the 1960s. State campgrounds were developed to the point where Panaggio says Burlingame, with 755 sites, is the largest state-owned family campground in New England.

There have been many components: the Newport Bridge, the resumption of the America's Cup races in 1958, the Newport Jazz and Folk festivals in the '50s and '60s, Block Island Race Week in 1965. But in Panaggio's eyes the biggest boost was the restoration of the Newport mansions.

"To me that was the big turning point," he said. "That's our Grand Canyon." For its 1981-82 fiscal year, the Preservation Society of Newport Country attracted 835,000 people who paid $2,120,343 to tour the mansions.

"We think we have gone from $18 million in 1952 to an estimated $450 to $500 million," Panaggio said of tourism around the state.

He estimates six million people come to Rhode Island for vacations or day trips each year, although there is no formula for computing that. "One thing that has never been done in the state has been a true survey of the industry," Panaggio said. Expense has prevented that. His office tracks attendance at beaches, mansions and other attractions.

"We are getting them from all states" as well as foreign countries, he said. Predictably, nearby states such as Connecticut, Massachusetts and New York head the list, but samplings have indicated many visitors from the Midwest, Florida, California, Texas, Maryland, Pennsylvania, New Jersey and North Carolina.

Panaggio skirts credit-taking, nothing that his state office cooperated but most development came through the private sector.

Often Panaggio's world is a long way from the brick factories and cramped quarters many Rhode Islanders know, The America's Cup, for instance, will pit boats from Canada, Australia, Italy, England, France and the U.S. Two Australian tour officials were in Newport two years ago confirming reservations for visitors from that country.

Panaggio estimates the cup races will bring $50 million to Rhode Island. He notes that summer rents in Newport range up to $1,000 a month for small places, and the syndicates rent huge estates, spend countless thousands on docking and maintenance fees and attract thousands of visitors. Panaggio will continue as press officer for the cup races this summer.

His wife, Monique, is public relations director of the Preservation Society of Newport County. They met in Casablanca, where Panaggio was stationed with the Air Force. Her father was a colonel with the French Army.

Both the Panaggio children grew up hearing of the wonders of the state and both live in Rhode Island. Len is co-manager of the Mooring Restaurant in Newport, and Madeleine is a teacher in Middletown who also works as a hostess at her brother's restaurant.

In retirement, Panaggio plans to combine travel and activities with the society of American Travel Writers, the Rhode Island Press Association and the American Friends of Lafeyette, and international organization of which he is president.

He hopes to continue promoting Rhode Island to anyone who will listen, of course.

"The only thing I'm glad for at this point is the alarm clock," Panaggio said. "I don't have to set it anymore."●

SECTION 504 OF THE REHABILITATION ACT

● Mr. WEICKER. Mr. President, I wish to advise you and our colleagues of an administration decision of great importance to disabled Americans. Yesterday I received the following letter from Vice President GEORGE BUSH.

THE VICE PRESIDENT,
Washington, D.C., March 21, 1983.

Hon. LOWELL WEICKER,
Chairman, Subcommittee on the Handicapped, Committee on Labor and Human Resources, Washington, D.C.

DEAR LOWELL: In view of your Subcommittee's concerns with possible modifications to the Section 504 coordination guidelines under the Rehabilitation Act of 1973, I am writing to advise you that the Department of Justice and the Presidential Task Force on Regulatory Relief have concluded their review and have decided not to issue a revised set of coordinated guidelines.

This decision brings to a close a lengthy regulatory review process during which the Administration examined the existing regulatory structure under Section 504, studied recent judicial precedents and talked extensively with Members of Congress and of the handicapped community. Especially important were the personal views and experience of those most directly affected by these regulations. The comments of handicapped individuals, as well as their families, provided an invaluable insight into the impact of the 504 guidelines.

A full evaluation of all the information brought to bear on this subject prompted the conclusion that extensive change of the existing 504 coordination regulations was not required, and that with respect to those few areas where clarification might be desirable, the courts are currently providing usefull guidance and can be expected to continue to do so in the future. In these circumstances, the Administration has decided not to proceed with its planned issuance of a revised set of proposed coordination guidelines.

I would like to thank you for your personal participation in this regulatory review process. Your commitment to equal opportunity for disabled citizens to achieve their full potential as independent, productive citizens is fully shared by this Administration and has the strong personal support of both the President and me. I hope you will continue to keep me informed of any developments in this area of such vital importance to our nation.

Sincerely,

GEORGE BUSH.

Mr. President, this letter comes as a great relief to disabled Americans and all who advocate for their cause. Section 504 of the Rehabilitation Act is a cornerstone in the construction of equal rights for the disabled. It is a cornerstone to be built upon, and I can assure my colleagues that the Subcommittee on the Handicapped intends to continue to do just that.●

NEW PRODUCTION REACTOR AT INEL

● Mr. McCLURE. Mr. President, I do not think it is any secret that I am very interested in the proposal to build a new production reactor to help supply the needs of our weapons program, and that I feel strongly that the benefits of locating the new reactor at the site of the Idaho Nuclear Engineering Laboratory, near Idaho Falls, Idaho, are clear and compelling. What is perhaps not so well known or understood is the depth of the interest, un-

derstanding, and support for this project which the people of southeastern Idaho have.

Last week, I presented the Secretary of Energy, Don Hodel, with petitions signed by some 1,600 people from the southeastern part of the State expressing their support for the project's being located in Idaho. These petitions are still coming into my office.

Recently, I was presented with copies of 60 letters from the students of the Gethsemane Christian School in Idaho Falls, Idaho. With a single exception, these students have concluded after studying the issue that they too, support placement of this new nuclear facility in Idaho.

I have selected a representative group of these student's letters, and I ask that they be printed in the RECORD. I certainly feel that these students are to be commended for having taken the time and initiative to study and form opinions about an issue of such great interest and importance to their community and their Nation.

The letters follow:

BLACKFOOT, IDAHO,
January 20, 1983.

Hon. DONALD P. HODEL,
Secretary, Department of Energy,
Washington, D.C.

DEAR SIR: I am writing to you about the plans for the reactor in Idaho. I am of the opinion that it should not be done. I feel that the tax payers are paying enough taxes to other things and do not need to take on any more.

Sincerely,

LORI FUNK.

IDAHO FALLS, IDAHO,
January 20, 1983.

Hon. DONALD P. HODEL,
Secretary, Department of Energy,
Washington, D.C.

DEAR MR. SECRETARY: Mr. Secretary, I am a Junior at Gethsemane Christian School. I am writing to tell you that I think the NPR is a project that Idaho can use. The NPR will provide us with the energy that we will need in the future and it will give the people who are unemployed a job. It will bring more people to Idaho, so it will give the businesses more business. I also think that if we get a reactor in Idaho and if people see what good it did, then perhaps people will cease to be afraid of it. I believe it will help us in many ways.

Thank you for taking time to read this letter.

Thanks again,

HOPE LYNN TAYLOR.

IDAHO FALLS, IDAHO,
January 15, 1983.

Hon. DONALD P. HODEL,
Secretary of Department of Energy,
Washington, D.C.

DEAR SIR: I am writing regarding the reactor coming to Idaho Falls. I know the main reason for this reactor is to produce tritium for nuclear weapons, but if built in Idaho, the NPR would also produce electricity. I think this would save more money and give more jobs to the unemployed.

Sincerely,

TODD WOOD.

IDAHO FALLS, IDAHO,
January 16, 1983.

CHAMBER OF COMMERCE,
525 Yellowstone Avenue,
Idaho Falls, Idaho.

DEAR SIR: I would like very much to state my feelings about the nuclear reactor which is going to be constructed in one of the three locations selected by the Department of Energy. I would like the reactor to be built in Idaho. The vast area of land would be an ideal location for the nuclear reactor. The economy of Idaho needs the job opportunities provided by the nuclear reactor.

Sincerely,

KRISTIE A. GROTHAUS.

IDAHO FALLS, IDAHO,
January 14, 1983.

CHAMBER OF COMMERCE,
525 Yellowstone Avenue,
Idaho Falls, Idaho.

DEAR GENTLEMEN: I am a seventh grade student at Gethsemane Christian School located at 2345 Broadway here in Idaho Falls, Idaho.

I am forwarding this letter for a school project concerning the Breeder Reactor, coming to this area, that I am very much in favor of, instead of South Carolina on the Savannah River.

I personally feel that one of the reasons that the Breeder Reactor should be located here is because of the job opportunity that it would provide for the community, and it will also help to stabilize the electricity shortage.

Yours sincerely,

SHAWANNA D. WARREN.

IDAHO FALLS, IDAHO,
January 20, 1983.

Hon. DONALD P. HODEL,
Secretary, Department of Energy,
Washington, D.C.

DEAR SIR: I am writing to express my ideas about the Breeder Reactor II.

I support locating the Breeder Reactor at Idaho National Engineering Laboratory West of Idaho Falls.

There are over 5,000 highly qualified nuclear engineers presently working at the site. There are also excellent support facilities avaialble.

Locating the Reactor at I.N.E.L. would create thousand of new jobs for people to build it. Then there would be about 400 permanent jobs for people to operate it.

There is already available transportation and housing for the workers in the surrounding cities.

I would appreciate your support for locating the Breeder Reactor in Southeastern Idaho.

Sincerely,

JON PRIGGE.●

NEGOTIATIONS IN EL SALVADOR

● Mr. HELMS. Mr. President, the other day I came across a letter to the editor of the Charlotte (N.C.) Observer in which Mr. Nat Hamrick of Rutterfordton, N.C., discussed in a most erudite fashion some of the current problems in U.S. policy regarding El Salvador. He noted that the U.S. is imposing policies upon that country that we would never dare attempt in our own country.

Mr. President, Mr. Hamrick also discussed the senselessness of demanding that the current Government of El Salvador negotiate with the guerrillas who are conducting a reign of terror there. Even if an agreement could be reached, he contends, there would be the same scenario that existed in Nicaragua some years back. In that country, less than 3 years ago, the Sandinistas promised to hold elections in 6 months. To date there have been no elections. Instead, 20 percent of the population has fled the country, and thousands are in political prisons.

Mr. President, Mr. Hamrick concludes by reminding us of the grave consequences if we fail in El Salvador. Where, asks Mr. Hamrick, will 20 million Salvadorans go? The answer to that is simple—across our southern border into the United States.

Mr. President, I ask that the letter to the editor be printed in the RECORD at the conclusion of my remarks.

The letter follows:

OBSERVER'S SALVADOR EDITORIAL "NAIVE"

As a long-time observer and frequent business traveler in Central America, I read with sad concern The Observer's March 2 editorial ("U.S. Dilemma: What To Do In El Salvador?") and Ernest Conine's March 2 column ("U.S. Policy Drifts As Central American Situation Worsens") on the Central American regional problem.

Both the naive editorial and Conine's statistic-filled column draw dangerous conclusions, which, if acted upon by the U.S. government, will certainly result in unspeakable suffering and bloodshed in Central America and serious violence to the security of the United States.

First, you neglect a few geographic and demographic facts. The Central American isthmus, beginning at the southern border of Mexico and stretching to the northern frontier of Colombia, is at all points nearer Charlotte than are Denver or Albuquerque.

With less area than the Southeastern United States and considerably fewer inhabitants, diverse in topography and ethnic makeup, it is definitely not in Southeast Asia. With the exception of small areas in Guatemala and El Salvador, it is not overcrowded. Nicaragua is slightly larger than North Carolina, with less than half our population. Honduras is slightly smaller with about half the population, and Guatemala has about the same population and area as the Old North State.

Central American countries have traditionally fed themselves and exported a considerable agricultural surplus. Now, thanks to the "enlightened socialist reform" being exported from Cuba and Nicaragua at gunpoint, that is past.

Land reform, in the abstract a marvelous idea and I understand a tremendous success in Taiwan and Japan, in the Western hemisphere is an unmitigated failure. The Mexican land confiscation program, Eijido policy, which began in the 1920s and continues today with a vengeance, finally passed 1916 production levels in the late '50s and has since stagnated, compounding that nation's desperate situation. The Sandinista Communists in Nicaragua have confiscated over 60 percent of the farm land of that country and production has fallen by more than half in less than three years.

The Salvadoran land reform conjured up by those fantastic Ivy League farmers of

Foggy Bottom, if attempted in North Carolina, would guarantee instant revolution. Imagine the reaction of N.C. farmers if a foreign government coerced our government into confiscating all land holdings of over 200 acres with a promise to pay in the distant future, and, at the same time, all banks and exports were taken over by that government.

This naive insanity has practically destroyed the Salvadoran economy in less than two years. Harvest of crops like cotton and sugar, which can only be profitably cultivated on large tracts of land, are at half their former levels. Salvador now imports food.

You also state that the United States should encourage the government of El Salvador to negotiate with the communist rebels—rebels who maintain their propaganda radio station and command post inside Sandinista Communist Nicaragua. These communist rebels, drawn from all over the underground terrorist and Marxist world, refused to vote in the last election and threatened Salvadoran citizens who did with death.

What right does the elitist U.S. State Department have to force negotiations with these common criminals? And who are you proposing the Salvadoran government should negotiate with? The Cubans, the Bulgarian advisors? Why not go directly to Andropov?

And suppose you succeed in reaching an accord with these communist psychopaths. These are the blood brothers and, in many cases, the same people who agreed in Nicaragua less than three years ago to hold elections in six months. There have been no elections. Instead 20 percent of the population of Nicaragua has fled the country. Over 1% are in political prisons.

These "honorable gentlemen" openly state that they intend to create "a union of Central American Socialist Republics," and hold classes at their universities on the organization of inter-city terrorist squads. Is Mexico next? Or the Latin ghettos of the Southwest United States?

The Nicaraguan experience and the history of communist victory all over the world is a sad travail of blood, poverty and refugees. If we allow our State Department to assist in propelling El Salvador into this mournful parade, where will 20 percent of five million Salvadorans go? And what of Guatemala? Will these refugees be welcome in tottering Mexico, or will they continue to flood into the United States?

Then what of poor, abused Mexico? With luck, 20 percent of 100 million hungry Mexicans may take up residence on the banks of the Potomac. That sort of bread line might finally convince Washington that there is no domino theory. The fallen dominoes will then be a fact.●

VICTORY FOR HANDICAPPED RIGHTS

● Mr. MITCHELL. Mr. President, an article in this morning's Washington Post reveals that the administration has abandoned its effort to weaken civil rights regulations for the handicapped under section 504 of the Rehabilitation Act of 1973. Mr. President, I am pleased at this decision and commend advocates for the handicapped on their victory.

Nearly 10 years ago, Congress passed the Rehabilitation Act with the intention of helping handicapped individuals lead more independent lives and to prohibit the recipients of Federal financial assistance from discriminating against them or denying them benefits. In so doing, Congress codified a bill of rights for disabled people. It declared emphatically that they were to have equal access to the benefits of society which others commonly enjoy.

April 28, 1983, will mark the sixth anniversary of the regulations promulgated under section 504. Unfortunately, these and other regulations affecting the handicapped were targeted by the administration as being ripe for reform. Last year, the Department of Justice, which is responsible for issuing civil rights guidelines for all Federal agencies for compliance with title VI of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, and section 504 of the Rehabilitation Act of 1973, drafted proposed changes to the 504 regulations with the intent of reducing the discrimination prohibitions affecting the recipients of Federal financial assistance. Those changes were never published, but they were widely circulated, prompting strong opposition from a number of civil rights advocates.

I am gratified that the administration has finally recognized the legitimacy of existing regulations under section 504. They are designed to insure civil rights for the handicapped in education, employment, physical accessibility, and a broad range of other areas. In short, they give disabled Americans the opportunity to participate fully in the activities of everyday life, participation with all of the rights and responsibilities attendant to it.

While the courts have played and will continue to play an active role in the dispute over handicapped issues, I am relieved that this subject has been removed from the administration's agenda for regulatory reform.

Mr. President, the gains realized by the handicapped in recent years have been hard fought. Now is not the time to back away from such progress. Rather, it is time to reaffirm the rights of the handicapped to insure they can be productive members of society and have the fullest opportunity to lead independent lives.●

PEOPLE VOTE NO ON NUCLEAR FREEZE RESOLUTION

● Mr. HELMS. Mr. President, 2 or 3 weeks ago, the county commissioners in Surry County, N.C., voted in favor of a nuclear freeze resolution. Following that vote, the Mount Airy News, the daily newspaper in that county, decided to see if the people agreed with the commissioners. Believing that the commissioners were misinformed, or ignorant on the issue, Barbara Case Summerlin, editor of the newspaper, conducted a poll on the question.

Mr. President, when the vote was tallied, the people had voted 10 to 1 against the nuclear freeze resolution. I think it is important to note that there was no partisan aspect involved in this decision of the people. In fact, the distinguished editor of the Mount Airy News, Mrs. Summerlin, pointed out that Surry County is a heavily Democratic county having only one elected Republican official. The people voted on the basis of the facts, once they had an opportunity to hear both sides of the issue.

Mr. President, I congratulate Mrs. Summerlin for having the courage and integrity to face this issue. If there were more editors of her talent and caliber, we would be a better informed nation.

Mr. President, the people in Surry County did not vote in favor of nuclear conflict—they wish to achieve peace without armed conflict. To do this, they understand that the Soviets must be deterred from starting a war. History shows that the best way to avoid war is to be able to fight one. Forces that cannot win cannot deter war.

Mr. President, that we in the Congress are doing a poor job of explaining the real issue at stake in the so-called freeze movement. As editor Summerlin points out, this is an issue that crosses party lines in rural America. The Reagan administration goal of peace through strength is of such vital importance that I believe the people in the United States of America have a right to know and understand what is really at stake. The Mount Airy News had the courage to stand up for a strong national defense. And when the "freeze" issue was explained to the people, they voted overwhelmingly against a nuclear freeze resolution.

Mr. President, I ask that the Mount Airy editorial be printed in the RECORD.

The editorial follows:

COMMISSIONERS ERRED ON FREEZE ISSUE

Ask 1,000 different people for their opinion on national defense and none is likely to say they favor nuclear war. Most would agree that a peaceful solution is the ideal one to U.S.-Soviet hostilities. But since the nuclear arms issue is not a matter of simply accepting or rejecting atomic warfare, we greatly resent Monday's passage of a nuclear freeze resolution by the Surry Board of Commissioners.

While individuals have the right to formulate their own opinion about a nuclear freeze, it is not appropriate for five county officials to take a pro-nuclear freeze position on behalf of Surry's nearly 60,000 residents.

The commissioners have responsibility for supervising local policies and setting the tax rate, but they lack the right and the authority to make a sweeping statement on complex matters like the arms race.

In no way do we wish to suggest that opposing a nuclear freeze is akin to favoring nuclear conflict—war, nuclear or not, has

never been a viable way to settle disagreements between countries.

But there is so much privileged and confidential information about the nuclear arms issue—known only to the president and top defense and military people—that prevents the average person from forming an absolute opinion on what America's defense posture.

The same goes for the commissioners.

So when faced with the prospect of relying on the position of Defense Secretary Caspar Weinberger—or that of Robert Merritt, Paul Hodges and other local pro-freeze advocates—we must cast our lot with "insiders" who say we must maintain a vigorous defense to offset gains by the Soviets. Since 1974, the Russians have out-produced the U.S. in both conventional and nuclear weapons, according to Weinberger.

If the U.S. froze its nuclear weapons, it would be taking the nice and honorable course of action.

The problem is, the Russian government is not nice and honorable. As was noted in a past editorial, the Russians are an aggressive super-power with a 60-year legacy of infiltration, subversion and rolling over weaker nations.

So at this point in time, it doesn't seem sensible for the U.S. to let down its guard and become pacifist with the Communists.

It would seem the Soviets, on the other hand, would love a U.S. freeze on nuclear weapons. Who is to say they are not power-hungry enough to try to take advantage of the situation? It would also behoove them to become involved in anti-nuclear movement in our country to try to bring this about.

The U.S. simply cannot allow the Soviet to wield a mighty weapon—total nuclear superiority—over the world. How could we ever be sure the Russians would conform to any bilateral freeze?

The most important job of government IS defense; protecting our interests and our borders from those who are not as democratic as we. Is it logical to abandon our position in the nuclear arms race, which is probably the same as abandoning our defense?

We would like to hear from our readers on their opinion on this issue, which our government now is grappling for ways to deal with. Please consider filling out the questionnaire below and returning it to us, so we can pass the results on to our elected officials. (You do not have to include your name and address). Remember, we are not asking whether or not you are against nuclear war, but how you think we should deal with the problem.

CIRCLE YOUR ANSWER

1. Do you approve of the county commissioners' passage of a nuclear freeze resolution? Yes or no.
2. Do you favor a nuclear freeze? Yes or no.
3. Do you favor increased defense spending? Yes or no.
4. Can you suggest an alternative to either extremes? Yes or no.

Name and address.●

DEATH OF ASHTON PHELPS OF NEW ORLEANS

● Mr. JOHNSTON. Mr. President, it was with great sadness that I learned this morning of the death of one of Louisiana's most respected and admired citizens, Mr. Ashton Phelps of New Orleans.

Mr. Phelps was chairman of the board of the Times-Picayune Publishing Co., and had been active in the publication of Louisiana's largest newspaper, the Times-Picayune for nearly 25 years.

He joined the newspaper company in 1950, leaving a successful law practice because, he said later:

I thought the challenge was much broader in running a newspaper than representing individual clients. I felt it was vital to the progress of the city.

Like his father and grandfather before him, whose management of the newspaper dates back to 1914, Ashton Phelps' stewardship of the Times-Picayune was distinguished by a remarkable devotion to his community.

As a newspaperman, Ashton Phelps was dedicated to the education and enlightment of the public, and to this task applied the very standards of journalism.

But he also believed that the newspaper could be, and should be a powerful force for the growth of the New Orleans region, and for the social and cultural advancement of its people.

His lifelong commitment to those ideals will leave a profound and lasting mark on the city of New Orleans and on the generations of its citizens whose lives have been enriched by the devoted service of this extraordinary man.

We mourn his passing and extend our prayers and condolences to his family.●

ORDER FOR CONVENING OF THE SENATE AT 10 A.M. TOMORROW

Mr. BAKER. Mr. President, it is now 20 minutes to 12, and we have an order to convene at 9 in the morning. I ask unanimous consent that the order be changed to 10 a.m. tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, there will be no more rollcall votes tonight.

Mr. President, before the Senate returns to the consideration of the social security bill——

The PRESIDING OFFICER. The Senate will be in order. The staff will cease conversations.

The majority leader.

ORDER FOR COMMITTEES TO MEET TOMORROW

Mr. BAKER. Mr. President, earlier tonight, I asked unanimous consent for committees to be permitted to meet tomorrow until 2 p.m. I withdrew the request, and now I have cleared on both sides the request I am about to put.

With the exception of the Foreign Relations Committee, I ask unanimous consent that all committees may be permitted to meet until 2 p.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask the Chair to lay before the Senate the social security bill and at that time we will have an amendment laid down and it will be the intention of the leadership to ask the Senate to go out.

SOCIAL SECURITY ACT AMENDMENTS OF 1983

The PRESIDING OFFICER. The clerk will state the pending business.

The bill clerk read as follows:

A bill (H.R. 1900) to assure the solvency of the social security trust funds, to reform the medicare reimbursement of hospitals, to extend the federal supplemental compensation program, and for other purposes.

The Senate resumed consideration of the bill.

UP AMENDMENT NO. 111

(PRINTED AMENDMENT NO. 534)

The PRESIDING OFFICER. The question is on the amendment of the Senator from Indiana.

Mr. DOLE. Mr. President, that is one amendment of the Senator from Indiana that has not been agreed to by the distinguished Senator from Louisiana.

So I ask unanimous consent that it be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, let me state for Members who still may be here that the Senator from Kansas had a discussion with the chairman of the Ways and Means Committee. We are already in the process of sort of preliminary conference. We have most of the documents. We finished certain sections in the bill. We are starting at the staff level already to more or less go through some of the conference material. It is our hope that we can have the cooperation of Senators tomorrow morning and be in conference by 3 or 4 p.m. tomorrow afternoon and bring the bill back here tomorrow. It will not be a long conference, I do not believe.

So I hope Members will not feel compelled to tell us everything they know about their amendments, and we would be very happy to try and expedite the process in the morning so we could finish the bill by 1 or 2 p.m.

The PRESIDING OFFICER. The Senator from Montana is recognized.

UP AMENDMENT NO. 119

(Subsequently numbered amendment No. 535.)

(Purpose: To provide a credit against the Old-Age, Survivors, and Disability Insurance Tax to small business employers for 1984)

Mr. BAUCUS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Montana (Mr. BAUCUS for himself, Mr. QUAYLE, Mr. NUNN, Mr. SASSER, Mr. GORTON, Mr. PRYOR, Mr. ABDNOR, and Mr. HUDDLESTON) proposes an unprinted amendment numbered 119.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 68 of the matter proposed to be inserted, beginning with line 19, strike out all through page 71, line 9, and insert in lieu thereof the following:

SEC. . ACCELERATION OF INCREASES IN FICA TAXES; 1984 TAX CREDITS.

(a) ACCELERATION OF INCREASES IN FICA TAXES.—

(1) TAX ON EMPLOYEES.—Subsection (a) of section 3101 of the Internal Revenue Code of 1954 (relating to rate of tax on employees for old-age, survivors, and disability insurance) is amended by striking out paragraphs (1) through (7) and inserting in lieu thereof the following:

"In cases of wages received during:	The rate shall be:
1984, 1985, 1986, or 1987.	5.7 percent
1988 or 1989	6.06 percent
1990 or thereafter	6.2 percent.".

(2) EMPLOYER TAX.—Subsection (a) of section 3111 of such Code is amended by striking out paragraphs (1) through (7) and inserting in lieu thereof the following:

"In cases of wages received during:	The rate shall be:
1984, 1985, 1986, or 1987.	5.7 percent
1988 or 1989	6.06 percent
1990 or thereafter	6.2 percent.".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to remuneration paid after December 31, 1983.

(b) 1984 TAX CREDITS.—

(1) IN GENERAL.—Chapter 25 of such Code is amended by adding at the end thereof the following new section:

"SEC. 3510. CREDITS FOR INCREASED SOCIAL SECURITY TAXES AND RAILROAD RETIREMENT TIER 1 EMPLOYEE TAXES IMPOSED DURING 1984.

"(a) GENERAL RULE.—There shall be allowed as a credit against the tax imposed by section 3101(a) on wages received during 1984 an amount equal to 3/10 of 1 percent of the wages so received.

"(b) TIME CREDIT ALLOWED.—The credit under subsection (a) shall be taken into account in determining the amount of the tax deducted under section 3102(a).

"(c) WAGES.—For purposes of this subsection, the term 'wages' has the meaning given to such term by section 3121(a).

"(d) APPLICATION TO AGREEMENTS UNDER SECTION 218 OF THE SOCIAL SECURITY ACT.—For purposes of determining amounts equivalent to the tax imposed by section 3101(a) with respect to remuneration which—

"(1) is covered by an agreement under section 218 of the Social Security Act, and

"(2) is paid during 1984,

the credit allowed by subsection (a) shall be taken into account. A similar rule shall also apply in the case of an agreement under section 3121(l).

"(e) CREDIT AGAINST RAILROAD RETIREMENT EMPLOYEE AND EMPLOYEE REPRESENTATIVE TAXES.—

"(1) IN GENERAL.—There shall be allowed as a credit against the taxes imposed by sections 3201(a) and 3211(a) on compensation paid during 1984 and subject to such taxes an amount equal to 3/10 of 1 percent of such compensation.

"(2) TIME CREDIT ALLOWED.—The credit under paragraph (1) shall be taken into account in determining the amount of the tax deducted under section 3202(a) (or the amount of the tax under section 3211(a)).

"(3) COMPENSATION.—For purposes of this subsection, the term 'compensation' has the meaning given to such term by section 3231(e).

"(f) SMALL BUSINESS CREDIT AGAINST FICA TAXES.—

"(1) IN GENERAL.—In the case of a qualified small business, there shall be allowed as a credit against the tax imposed by section 3111 (a) with respect to wages paid during 1984 with respect to employment an amount equal to 0.3 percent of such wages.

"(2) LIMITATION.—The aggregate amount of the credit allowable to any qualified small business under paragraph (1) shall not exceed $500.

"(3) QUALIFIED SMALL BUSINESS.—

"(A) IN GENERAL.—The term 'qualified small business' means an employer who employs no more than 50 employees in employment at any time during 1984.

"(B) AGGREGATION OF EMPLOYEES.—In determining the number of employees of an employer for purposes of subparagraph (A), all employees of—

"(i) any trade or business (whether or not incorporated) which is under common control with such employer (within the meaning of section 52(b)), or

"(ii) any member of any controlled groups of corporations of which such employer is a member,

during any period of 1984, shall be treated as being employed by such employer during such period. The Secretary shall prescribe regulations which provide attribution rules that take into account, in addition to the persons and entities described in the preceding sentence, employers who employ employees through partnerships, joint ventures, and corporations.

"(C) CONTROLLED GROUPS OF CORPORATIONS.—For purposes of this paragraph, the term 'controlled group of corporations' has the meaning given to such term by section 1563(a), except that—

"(i) 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a)(1), and

"(ii) the determination shall be made without regard to subsections (a)(4) and (e)(3)(C) of section 1563.

"(4) TIME CREDIT ALLOWED.—The credit allowable under paragraph (1) shall be taken into account in determining the amount of any deposit or payment of the tax imposed by section 3111(a) which the employer is required to make to the Secretary with respect to any period.

"(5) DEFINITIONS.—For purposes of this subsection—

"(A) WAGES.—The term 'wages' has the meaning given to such term by subsections (a) and (t) of section 3121.

"(B) EMPLOYMENT.—The term 'employment' has the meaning given to such term by section 3121(b).

"(6) RETURNS.—Any return of the tax imposed by section 3111(a) made with respect to wages paid in 1984 shall include a statement which identifies the maximum number of employees employed by the employer at any time during the period to which such return relates.

"(g) COORDINATION WITH SECTION 6413(c).—For . . .

Mr. BAUCUS. Mr. President, this is the employer credit amendment which I have discussed by "Dear Colleague" letter to various Members of the Senate already. I will discuss this amendment further tomorrow.

Let me just say at this moment this is an amendment which I think Members could agree to. It does not break the National Commission package. It is a modest amendment. It is an equitable amendment. It is a small business amendment. I think that when Members examine it and examine it closely they will agree it should be passed.

Mr. President, it is my understanding my amendment will be the pending business tomorrow.

Therefore, Mr. President, I yield the floor.

RECESS UNTIL 10 A.M. TOMORROW

Mr. BAKER. Mr. President, if no other Senator is seeking recognition and if the minority leader has no further business to transact, I now move that the Senate stand in recess until the hour of 10 a.m. tomorrow.

The motion was agreed to; and at 11:43 p.m., the Senate recessed until tomorrow, Wednesday, March 23, 1983, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate March 22, 1983:

DEPARTMENT OF ENERGY

Theodore J. Garrish, of Virginia, to be General Counsel of the Department of Energy, vice R. Tenney Johnson, resigned.

IN THE ARMY

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 1370:

To be general

Gen. Donn A. Starry, [redacted] (age 57), U.S. Army.

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. John D. Bruen, [redacted] U.S. Army.

IN THE NAVY

The following-named commanders of the Line of the Navy for Promotion to the permanent grade of captain, pursuant to title 10, United States Code, section 624, subject to qualifications therefore as provided by law:

UNRESTRICTED LINE OFFICER

To be captain

Abbey. Donald Lewis
Ahern, David Gaynor
Ahlborn, Edward Richard, Jr.
Allen, John E.
Anson, Robert, Jr.
Avery, Donald William, Jr.
Bailey, James Lindsey
Bailey, Larry Weldon
Balinkwhite, Linda Joan
Ballard, Don Eugene
Barney, William Clifford
Barthold, Todd Alan
Batzel, Thomas Joseph
Baumhofer, William James
Bean, Charles Dunbar
Bell, Denis Joseph William
Bell, Merlin Gene
Bennitt, Brent Martin
Berg, John Stoddard
Berry, Russell Elliott, Jr.
Blakeley, William Robert
Bonds, John Bledsoe
Boston, Michael Rhodes
Branch, Allen Drue
Brittingham, Edward Michael
Brown, Carroll Dean
Brown, David Charles
Browne, Herbert A., II
Brun, Charles Robert
Buescher, Stephen Meredith
Bustamante, Charles Joseph
Calhoun, Ronald Joel
Campbell, Guy Reeder, III
Canady, Paul Allen
Carl, Lester William
Cash, Roy, Jr.
Cassiman, Paul Arthur
Chapman, Austin Eugene
Chappell, Stephen Francis
Clark, Hiram Ward, Jr.
Coady, Philip James, Jr.
Colavito, Thomas Joseph
Coleman, Jon Suber
Colucci, Anthony Robert
Conley, Dennis Ronald
Coshow, George Horace, II
Coulter, William Laurence
Crooks, Richard Alan
Curtis, Richard Bradford
Dalton, Gerard Holbrook
Dalton, Henry Frederick
Dannheim, William Taylor
Davis, Eugene Berkeley
Davis, Henry Hooper, Jr.
Decarli, Wiley Paul
Dekshenieks, Vidvuds
Denault, Donald Raymond
Denning, William James, III
Deutermann, Peter Thomas
Dougherty, Robert Joseph
Earner, William Anthony, Jr.
Efird, William Alexander
Ellis, Winford Gerald
Emery, George Williams
Evans, Irvin Christopher, Jr.
Ferguson, Thomas Edward
Fiori, Mario Peter
Fister, George Rodwell
Fitzgerald, James Richard
Flanagan, William John, Jr.
Fontana, James David
Franz, Rodney Crane
Frazer, Paul David
Freibert, Ralph William
French. John C., Jr.
Frick, Frederick Mark
Fritz, Thomas Wayne
Froehlich, Edward William Jr.
Gaines, George L.
Gaston, Mack Charles
Gautier, James Berry
Gaylord, Reginald F., Jr.
Gerwe, Franklin Henry, Jr.
Ghrer, Grady Francis
Gill, Russell Carter
Gilroy, Vincent J., Jr.
Giorgio, Frank Arthur, Jr.
Glasier, Peter Keith
Glover, Jimmy Neal
Glover, William Ferguson
Goodloe, Robert Vannerson, Jr.
Gormly, Robert Anthony
Graef, Peter John
Graham, Ian Keith
Graham, Walter Harry
Granuzzo, Andrew Aloysius
Griffith, Douglas Kent
Grubb, Robert George
Gubbins, Philip Stanley
Habermeyer, Howard W., Jr.
Hadley, Allan William
Hahn, Willian Dillon
Hanley, James Joseph
Harken, Jerry Lynn
Harris, Arthur Charles, III
Hartman, Richard Henry
Heilig, John
Hendon, Jerry Edwin
Hillis, Robert J.
Hilton, Francis Warren, Jr.
Hogan, James Joseph, III
Hoivik, Thomas Harry
Home, Thomas Timings, Jr.
Huchting, George Arthur
Hughes, William Charles, Jr.
Huling, John McKee, Jr.
Huss, Jerry Francis
Itkin, Richard Ivan
Jackson, Virgil Frank, Jr.
Jacobs, Philip Henley
Jenkinson, William Raymond
Johnson, Richard Leroy
Johnson, Willian Spencer
Johston, Thomas Franklyn
Jones, Dennis Alan
Jordan, James Francis
Jordan, John Franklin, Jr.
Kaiser, David Gordon
Karr, Kenneth Richard
Kelley, William Emanuel
Kiem, Robert Lang
King, George Leonard, Jr.
Knutson, Rodney Allen
Koch, Dean Henry
Koczur, Daniel Joseph
Kramer, Lawrence Joseph
Krekich, Alexander Joseph
Krotz, Charles Kit
Labyak, Peter Stephen
Lachata, Donald Martin
Lagassa, Robert Edward
Landers, Michael Francis
Leeke, Howard Warfield, Jr.
Lewis, Jerry Allen
Lewis, Lyle Eugene, Jr.
Lindell, Colen Richard
Livingston, Donald Joseph
Logan, Carl Flack
Long, Herman James, Jr.
Love, George Paul, III
Loy, Michael Howard
Lugo, Frank John
Lundy, George Willis, Jr.
Maier, Robert Alex
Marsden, Phillip Scherrer
Martin, Ronald Weldon
Martin, Walter Potts
Mathis, William Walter
Mays, Michael Everett
McAuley, John Anthony, Jr.
McCann, William Robert, Jr.
McCleary, Joseph Raymond
McCormick, James Thomas
McCrory, Donald Lee
McDevitt, Michael Allen
McDonald, John Joseph, Jr.
McGrath, John Michael
McGuire, Thomas Patrick
McHenry, John Walter
McKearn, Michael Clark
McKechnie, Thomas William
McKenna, Richard Bernard
McKenna, Russell Edmund, Jr.
McMillan, John Hammack
McWhinney, John Loren
Merz, Vincent Paul
Meyers, John Moberg
Miller, George Morey, III
Miller, John Michael
Millikin, Stephen Thomas
Mitchell, Robert Marvin
Mitchell, William J.
Monash, Richard Frank
Mooberry, William James
More, Alan Robert
Mullins, Willice Ralph, II
Musick, George Meredith, III
Mustian, Jonathan David
Naldrett, William John
Nash, Michael Arthur
O'Brien, Terence James
O'Brien, Thomas Joseph Jr.
O'Connor, Michael Bernard, Jr.
O'Keefe, Cornelius Francis
Olson, Donald Milton
O'Shea, Donald James
Pafias, James Ellis
Palmer, Jerry Dale
Parchen, William Robert
Parent, Donn Valentine
Park, John Prentiss
Parkhurst, Nigel Ernest
Patterson, Bernard Leo, III
Pesce, Victor Louis
Paneuf, Joseph Theodore, Jr.
Picotte, Leonard Francis
Pieno, John Anthony, Jr.
Plummer, Galen Robert
Porter, John Dudly
Porter, Richard Thilo
Raebel, Dale Virgil
Ranson, William M.
Reber, Peter Michael
Redd, John Scott
Robertson, Thomas James
Rohm, Fredric William
Rooney, Philip James
Roy, James Codori
Ruck, Merrill Wythe
Ruff, John Crawford
Ruliffson, James Howard
Sadler, Georgia Clark
Salmon, Harry Paul, Jr.
Santamaria, Donald Frank
Schery, Ferdinand Michael
Schrader, John Yale, Jr.
Schwab, James Alexander
Scott, Jon Paul
Seaquist, Larry Ray
Secades, Vincent Cecil
Shapard, James Richard, III
Sharer, Don Allen
Sharpe, Joseph Daniel, Jr.
Sharpe, Raymond Alexander, J.
Sheehan, John Wilfred, Jr.
Sheridan, Thomas Russell
Shillingsburg, John William
Skrzypek, John Anthony
Slater, Thomas Stafford

Smith, Robert Seward
Smyth, Gregory Stephen
Snyder, Donald Marshall
Soverel, Peter Wolcott
Stacy, Edward Gerhard
Stokes, Richmond Bruce
Stoddard, Howard Sanford
Stone, Thomas Edward
Sullivan, Joseph Cornelius
Sullivan, Kenneth David
Sullivan, Michael Edward
Tahaney, Hubert Francis, Jr.
Tate, James Andrew
Taylor, Wade Hampton, III
Testa, Ronald Fred
Testwuide, Robert Louis, Jr.
Thomassy, Louis Edward, Jr.
Tillotson, Frank Lee
Tobin, Paul Edward, Jr.
Toft, Richard Joseph
Turnbuli, James Laverne
Turner, James Richard
Tward, Clement Robert
Vanarsdall, Clyde James, III
Vanbrackle, Vernon Lamar, Jr.
Vanhoften, Scott Adrianus
Vernallis, Samuel Larry
Walters, Ronald Francis
Walther, Arthur Ernest
Warn, Jon Christian
Watkins, Donald Edward
Weniger, Marvin Joseph
Wernsman, Robert Lee
West, Walter David, III
Whalen, Frank Richard
Wilknson, John Glenn, Jr.
Willandt, Theodore August
Wilmot, Louise Currie
Wilson, Torrence Bement, III
Winters, Curtis John
Wise, Aubrey Lavoid
Wolf, Rexford Elwood
Wright, Donald Jay
Wright, Malcom Sturtevant
Yonov, Serge A.
Zabrocki, Alan Dale

ENGINEERING DUTY OFFICER

To be captain

Anderson, Richard Gleen
Calvano, Charles Natale
Clark, Arthur
Clark, Arthur Doron
Cohen, Steven Robert
Coyle, Michael Thomas
Donegan, John Joseph, Jr.
Edward, L. Vernon, Jr.
Fantin, Jonnie Ronald
Goodman, Donald M.
Howard, James Willoughby
Johnson, Alan Joseph
Johnson, Charles Edward
Kane, David Charles
Kinnear, Richard James
Maclin, Charles Sidney
Mulholland, Lyle Jerry
Schafer, Carl Edward, II
Schroeder, Arthur Frederick
Segrist, Edward Lewis, Jr.
Simpson, Michael Grant
Woodruff, Robert Bruce

AERONAUTICAL ENGINEERING DUTY OFFICER
AERONAUTICAL ENGINEERING

To be captain

Adams, John Robert
Andrews, James Randolph
Burcham, Devirda Houston, III
Chrans, Larry J.
Elberfeld, Lawrence George
Hagy, James Henry Dixon, Jr.
Hood, John Moody, Jr.
Iverson, Michael Martin
Key, Wilson Denver
Riley, David Richard
Ryan, Bruce Anthony

AERONAUTICAL ENGINEERING DUTY OFFICER
AVIATION MAINTENANCE

To be captain

Colvin, Clarence Earl
Oatway, William Hanlon, III
O'Connor, Thomas Robert
Wiggins, William Frederick

SPECIAL DUTY OFFICER CRYPTOLOGY

To be captain

Currie, Daniel Lee, Jr.
Ehret, Howard Charles
Gates, Jonathan Hubert
Malloy, Charles Joseph, Jr.
Moody, William Brooks Blais
Olson, David Edward
Patterson, Jeffrey Spear

SPECIAL DUTY OFFICER INTELLIGENCE

To be captain

Agnew, James Robert
Billingsley, Christopher
Buckley, Thomas Daniel
Covington, William Ellerbe
Ellsworth, Thomas Burpee, Jr.
Frost, John Allen
Idleberg, Norman
Juengling, Robert George
Life, Richard Aaron
Poellnitz, Walter Durand, III
Trafton, Robert Truman

SPECIAL DUTY OFFICER PUBLIC AFFAIRS

To be captain

Bennett, Richard Allan
Coupe, Jay, Jr.
Martin, John A.
Resweber, Owen Joseph, Jr.

SPECIAL DUTY OFFICER GEOPHYSICS

To be captain

Hammer, John Levering, III
Hoffman, Carl Walter
Honhart, David Crosby
Jensen, Jack James
Wright, Julian Maynard, Jr.

IN THE MARINE CORPS

The following-named officers of the Marine Corps for permanent appointment to the grade of colonel, under provisions of title 10, United States Code, section 624, subject to qualifications therefor as provided by law:

Ainsley, William S., III, xxx-...
Allega, Alfred J., xxx-...
Arick, John C., xxx-...
Austin, Lowell E., Jr., xxx-...
Baggette, John C., xxx-...
Barnum, Harvey C., Jr., xxx-...
Bartels, William C., xxx-...
Barton, Thomas Y., Jr., xxx-...
Beyma, Dennis C., xxx-...
Blot, Harold W., xxx-...
Brandon, James R., III, xxx-...
Bridgham, William T., Jr., xxx-...
Brown, Gene A., xxx-...
Butler, John M., Jr., xxx-...
Campbell, Thomas E., xxx-...
Carlon, Kenneth C., xxx-...
Carroll, John J., xxx-...
Castagnetti, Gene E., xxx-...
Cazares, Alfred F., Jr., xxx-...
Christmas, George R., xxx-...
Christy, Donald E., xxx-...
Cluff, Michael L., xxx-...
Conley, William J., xxx-...
Currie, Herbert L., xxx-...
Davis, Donald E., xxx-...
Douglas, Franics H., xxx-...
Draude,Thomas V., xxx-...
Edwards, Roy T., xxx-...
Ehlert, Norman E., xxx-...
Falkenbach, Robert W., xxx-...
Focht, George A., xxx-...
Furleigh, James R., xxx-...
Gadwill, Robert J., xxx-...
Gage, William R., xxx-...
Garten, Ronald C., xxx-...
Gaucher, Edmond D., Jr., xxx-...
Green, Robert R., xxx-...
Grosz, Nicholas H., Jr., xxx-...
Guy, John W., xxx-...
Hamilton, Francis X., Jr., xxx-...
Hancock, David, xxx-...
Hayes, Leonard C., xxx-...
Herney, Richard D., xxx-...
Hemphill, Frederick H., Jr., xxx-...
Hesser, William A., xxx-...
Hicks, James B., Jr., xxx-...
Howell, Jefferson D., Jr., xxx-...
James, Jack C., xxx-...
Jones, Patrick J., xxx-...
Jordan, Kenneth D., xxx-...
Kelbaugh, John R., xxx-...
Keller, Gerald J., xxx-...
Kirchner, Francis J., xxx-...
Kline, Joseph F., xxx-...
Korman, Robert C., xxx-...
Lecornu, John, xxx-...
Livingston, James E., xxx-...
Lochner, Richard E., xxx-...
Lucci, Michael J., xxx-...
Marcantel, William E., xxx-...
Marks, David E., xxx-...
Marsh, Dianne L., xxx-...
Mastrion, Robert J., xxx-...
McDonald, John C., xxx-...
McDonald, Lawrence J., xxx-...
McGowan, Michael J., xxx-...
McPherson, Richard G., xxx-...
Mertes, Lynn, xxx-...
Metzger, Thomas H., xxx-...
Mikkelson, John L., xxx-...
Mitchell, Neil F., xxx-...
Moore, Alfred H., xxx-...
Moore, Allen R., xxx-...
Moore, Brian D., xxx-...
Myatt, James M., xxx-...
Oberndorfer, Gerald J., xxx-...
Ogline, Fred E., xxx-...
Pappas, Robert L., xxx-...
Parker, Gary W., xxx-...
Pastino, Carmen N., xxx-...
Payne, John K., xxx-...
Ponsford, Reginald G., III, xxx-...
Pratt, Stanley G., xxx-...
Price, Donald L., xxx-...
Pritchett, Sara J., xxx-...
Reed, Lawrence E., xxx-...
Rich, Michael E., xxx-...
Riley, Edward F., xxx-...
Roesch, Maurice A., III, xxx-...
Romero, Joseph M., xxx-...
Ross, Dale C., xxx-...
Sheehan, John J., xxx-...
Spivey, John W., xxx-...
Stringer, J. K., Jr., xxx-...
Sweetser, Warren E., III, xxx-...
Tiebout, Robert A., xxx-...
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